

## BASE PROSPECTUS

Dated: 12 March 2021

**MEDIOBANCA - Banca di Credito Finanziario S.p.A.**  
(incorporated with limited liability in the Republic of Italy)

**MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.**  
(incorporated with limited liability in Luxembourg)

**Structured Note Issuance Programme**  
**guaranteed in the case of Notes issued by Mediobanca International (Luxembourg) S.A.**  
**by**



MEDIOBANCA

**MEDIOBANCA - Banca di Credito Finanziario S.p.A.**

Under the Structured Note Issuance Programme (the "**Programme**") described in this Base Prospectus (as defined below), each of Mediobanca - Banca di Credito Finanziario S.p.A. ("**Mediobanca**") and Mediobanca International (Luxembourg) S.A. ("**Mediobanca International**") (each an "**Issuer**" and together the "**Issuers**") may, from time to time, issue notes ("**Notes**"), subject in each case to compliance with all relevant laws, regulations and directives. The Notes issued under the Programme shall include (i) Notes whose return is linked to shares or a basket of shares ("**Share Linked Notes**"), (ii) Notes whose return is linked to an index or a basket of indices ("**Index Linked Notes**"), (iii) Notes whose return is linked to a fund or a basket of funds ("**Fund Linked Notes**"), (iv) credit linked Notes ("**Credit Linked Notes**"), (v) inflation linked Notes ("**Inflation Linked Notes**") (vi) Notes whose return is linked to commodity or a basket of commodities ("**Commodity Linked Notes**") (vii) Notes whose return is linked to foreign exchange ("**FX**") rates ("**FX Linked Notes**") (viii) Notes whose return is linked to a debt instrument or a basket of debt instruments ("**Debt Linked Notes**") (ix) Notes whose return is linked to an underlying interest rate or underlying yield or a basket of underlying interest rates or underlying yields ("**Interest Rate Linked Notes**") (x) Notes whose return is linked to a currency exchange rate ("**Dual Currency Notes**") and (xi) physical delivery Notes ("**Physical Delivery Notes**"). The payment of all amounts due and the performance of any non-cash delivery obligations in respect of any Notes issued by Mediobanca International will be unconditionally and irrevocably guaranteed by Mediobanca (in such capacity, the "**Guarantor**") under a deed of guarantee and subject to the limitations thereof executed by the Guarantor and dated 12 March 2021 (the "**Deed of Guarantee**"). Notes issued under the Programme will have denominations of not less than Euro 1,000.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors" beginning on page 11.**

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**" or "**CBI**") as competent authority under Regulation (EU) 2017/1129 as amended (the "**Prospectus Regulation**"). The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Notes that are the subject of this Base Prospectus. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of MiFID II and/or which are to be offered to the public in any Member State of the European Economic Area (the "**EEA**"). Investors should make their own assessment as to the suitability of investing in the Notes. This Base Prospectus is valid for a period of twelve months from the date hereof. For the avoidance of doubt, the Issuer shall have no obligation

to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy when this Base Prospectus is no longer valid. This Base Prospectus comprises two base prospectuses (one for each Issuer, each of which referred to herein as the "**Base Prospectus**") for the purposes of Article 8 of the Prospectus Regulation.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for Notes issued under the Programme within twelve months after the date hereof to be admitted to the Official List of Euronext Dublin (the "**Official List**") and trading on its regulated market. The regulated market of Euronext Dublin is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). The Programme provides that Notes may be listed or admitted to trading (as the case may be) on such other or further stock exchange(s) or market(s) as may be agreed between the relevant Issuer, the Guarantor (where applicable) and the relevant Dealer (as defined in "**Plan of Distribution**"). Unlisted Notes or Notes not admitted to trading on any market may also be issued.

The Central Bank may, at the request of the relevant Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; and (ii) a certificate of approval pursuant to Article 25 of the Prospectus Regulation attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Regulation (an "**Attestation Certificate**").

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes which are applicable to each Tranche (as defined below) of Notes will be set out in the final terms relating to the Notes (the "**Final Terms**") which, with respect to Notes to be listed on the Official List of Euronext Dublin, will be delivered to the Central Bank and, with respect to Notes to be listed on any other or further Stock Exchange, will be delivered to the relevant Stock Exchange.

The Programme also provides that Notes may be listed, as the case may be, on the official list of Borsa Italiana or of the Luxembourg Stock Exchange or on such other or further stock exchange(s) as the Issuer may determine.

The base terms and conditions of the Notes to be issued under the Programme (see "**Base Terms and Conditions of the Notes**" below) (the "**Base Terms and Conditions**" or the "Base Conditions") will be completed by the relevant product specific terms and conditions applying to a particular type of Notes as set out in the applicable Chapters below (the "**Specific Terms and Conditions**" or the "**Specific Conditions**" and together with the Base Terms and Conditions, the "**Terms and Conditions of the Notes**" or the "Conditions").

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be offered and sold in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. The Notes will be in bearer form and as such are subject to certain U.S. tax law requirements.

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

*Arranger of the Programme*

**MEDIOBANCA - Banca di Credito Finanziario S.p.A.**

*Dealers*

***MEDIOBANCA - Banca di Credito Finanziario S.p.A.***

## IMPORTANT NOTICES

*This document constitutes a Base Prospectus for each Issuer for the purposes of Article 8 of the Prospectus Regulation.*

*Each of the Issuers and the Guarantor, accepts responsibility for the information contained in this document and, to the best of the knowledge of each of the Issuers and the Guarantor, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*Each of the Issuers and the Guarantor, having made all reasonable enquiries confirms that (i) this Base Prospectus contains all information with respect to the Issuers, the Guarantor, the Guarantor and its subsidiaries taken as a whole (the "**Group**" or the "**Mediobanca Group**"), the Notes and the deed of guarantee executed by the Guarantor and dated 12 March 2021 with respect to Notes issued by Mediobanca International (the "**Deed of Guarantee**") which is material in the context of the issue and offering of Notes, (ii) the statements contained in this Base Prospectus relating to the Issuers, the Guarantor and the Group are in every material respect true and accurate and not misleading, the opinions and intentions expressed in this Base Prospectus with regard to the Issuers, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iii) there are no other facts in relation to the Issuers, the Guarantor, the Group, the Notes or the Deed of Guarantee the omission of which would, in the context of the issue and offering of Notes, make any statement in this Base Prospectus misleading in any material respect and (iv) all reasonable enquiries have been made by the Issuers and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.*

**IMPORTANT – EEA RETAIL INVESTORS** *If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive (UE) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.*

**IMPORTANT - UK RETAIL INVESTORS** – *If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union*

(Withdrawal) Act 2018; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending such Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made at the time of issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for a Tranche of Notes is a manufacturer in respect of that Tranche, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

**UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET** The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending such Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made at the time of issue about whether, for the purpose of the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**"), any Dealer subscribing for a Tranche of Notes is a manufacturer in respect of that Tranche, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Amounts payable under the Notes may be calculated by reference to EURIBOR, LIBOR, LIBID, LIMEAN, CMS or Constant Maturity BTP Rate which are respectively provided by the European Money Markets Institute ("**EMMI**") for EURIBOR and ICE Benchmark Administration Limited ("**ICE**") for LIBOR and CMS. At the date of this Base Prospectus, EMMI has been authorised as a regulated benchmark administrator pursuant to Article 34 of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") and appears on the public register of administrators established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmarks Regulation. As at the date of this Base Prospectus, ICE and the administrators of the Constant Maturity BTP Rate do not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that ICE and the administrators of Constant Maturity BTP Rate are not currently required to obtain

*authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).*

*This Base Prospectus should be read and construed with any supplement hereto and with any other documents incorporated by reference herein and, in relation to any Tranche of Notes, should be read and construed together with the relevant Final Terms.*

*No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either of the Issuers, the Guarantor or any of the Dealers. Neither the delivery of this Base Prospectus or any Final Terms nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of either Issuer or the Guarantor since the date hereof or the date upon which this document has been most recently supplemented or that there has been no adverse change in the financial position of either Issuer or the Guarantor since the date hereof or the date upon which this document has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*Purchases of Notes may be made through a duly appointed Dealer of the relevant Issuer. The relevant Issuer may also offer and sell Notes directly to investors without the involvement of any Dealer.*

*The Issuers and the Guarantor will enter into a Dealer Agreement with the Dealers in connection with the issue of Notes for the purpose of the distribution of the Notes to prospective investors. Pursuant to the terms of the Dealer Agreement, the relevant Issuer(s) may appoint one or more Dealer(s) under the Programme to subscribe or procure subscribers for all or part of the Notes of the relevant Series. See the section on "Plan of Distribution" in this Base Prospectus for further details.*

*This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of either the Issuer, the Guarantor or any of the Dealers to subscribe for, or purchase, any Notes.*

*The distribution of this Base Prospectus and the offering or sale of Notes in certain jurisdictions may be restricted by law. The Issuers and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. No Notes may be offered or sold, directly or indirectly to the public, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus, any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, the Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements.*

*This Base Prospectus has been prepared by the Issuers and the Guarantor for use in connection with the offer and sale of Notes in reliance upon Regulation S of the Securities Act outside the United States to non-U.S. persons or in transactions otherwise exempt from registration. Its*

*use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.*

*The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or the adequacy of this Base Prospectus. Any representation to the contrary is a criminal offence in the United States.*

*For a description of additional restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including Italy), the United Kingdom and other jurisdictions, see "Plan of Distribution".*

*The Dealers and PricewaterhouseCoopers S.p.A. and PricewaterhouseCoopers, Société coopérative, as auditors to respectively, Mediobanca and Mediobanca International, have not separately verified the information contained in this Base Prospectus. None of the Dealers makes any representation express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either of the Issuers, the Guarantor or any of the Dealers that any recipient of this Base Prospectus or any financial statements should purchase any Notes.*

*Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuers or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.*

## STABILISATION

*In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) in accordance with all applicable laws and rules.*

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*Notes may be issued on a continuous basis in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes, as the case may be, of that Series. Each Series may be issued in tranches (each a "**Tranche**") on different issue dates. The specific terms of each Tranche (which save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set forth in the relevant Final Terms, the form of which is set out in Chapter 2 Part 2 "General Form of Final Terms for Notes" below and which will include, depending on the type of Notes that is being issued, the terms applicable to such form of Notes as are set out in the applicable Chapters below.*

*In this Base Prospectus, unless otherwise specified or the context otherwise requires: references to "**Member State**" are references to Member States of the European Economic Area, references to "\$", "**U.S.\$**", "**USD**" and "**US Dollars**" are to the lawful currency of the United States of America; references to "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended; references to "£", "**GBP**" and "**Pounds Sterling**" are to the lawful currency of the United Kingdom; and references to "**Yen**" are to the lawful currency of Japan.*



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## CHAPTER 1

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## RISK FACTORS

*The Issuers and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme and the Guarantee. Most of these factors are contingencies which may or may not occur and the Issuers and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers and the Guarantor to pay interest, principal or other amounts on or in connection with any Notes or the Guarantee may occur for other reasons which may not be considered significant risks by the Issuers and the Guarantor based on information currently available to them or which they may not currently be able to anticipate.*

*The purchase of Notes involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in this Base Prospectus and as supplemented from time to time.*

*No person has been authorised to give any information or make any representation not contained in or not consistent with the Base Prospectus and/or the Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Dealer.*

*By investing in the Notes each investor represents that:*

- (a) *Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or the Dealers as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or the Dealers shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.*
- (b) *Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.*
- (c) *Status of Parties. Neither the Issuer nor the Dealers is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision.*

*Prospective investors should also read the risk factors relating to Mediobanca set out in the English translation of the Mediobanca Registration Document (as defined below) which is incorporated by reference to this Base Prospectus as indicated in "Documents Incorporated by Reference" below.*

*Words and expressions defined in "General Form of Final Terms" and "Base Terms and Conditions of the Notes" in Chapter 2 and in the Specific Conditions and relevant Forms of Product Terms in Chapters 3 to 12 or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus. In this section, "Issuer" refers to Mediobanca and/or to Mediobanca International as appropriate.*

**1. Material Risks that are specific to the Issuers and that may affect the Issuers' ability to fulfil their obligations under the Notes**

The risks below have been classified into the following categories:

- (A) Risks relating to the Issuers' activities and the market where the Issuers operate;*
- (B) Risks relating to the Issuers' financial situation;*
- (C) Risks relating to the legal and regulatory framework.*

**(A) RISK FACTORS RELATING TO THE ISSUERS' ACTIVITIES AND THE MARKET WHERE THE ISSUERS AND THE GROUP OPERATE.**

***Systemic risks in connection with the economic/financial crisis and the Covid-19 Pandemic***

The evolution of the macroeconomic scenario could negatively affect the economic and financial situation of the Issuer and/or of the Mediobanca Group, and in particular its liquidity, profitability and capital solidity, leading the Issuers and/or the Mediobanca Group to incur losses, increase the cost of financing and reduce the value of assets held.

The Issuers' performance is also influenced by the general economic situation, both national and for the Eurozone as a whole, and by the trend on financial markets, in particular by the solidity and growth prospects of the geographical areas in which the Issuers operate. The macroeconomic scenario currently reflects considerable areas of uncertainty, in relation to: (a) the trends in the real economy with reference to the prospects of recovery and growth in the national economy and/or resilience of growth in the economies of those countries, such as the United States and China, which have delivered growth, even substantial, in recent years; (b) future developments in the monetary policy of the European Central Bank for the Eurozone area, and the U.S. Federal Reserve Board for the US dollar area, and the policies implemented by various countries to devalue their own currencies for competitive reasons; (c) the sustainability of the sovereign debt of certain countries, and the tensions noted more or less frequently on financial markets.

In this respect, the outbreak of Covid-19 pandemic, which began in China at the end of January 2020 and expanded globally in a few months, has had and is still having significant negative

consequences on the overall scenario and in turn on the Italian banking sector in which the Issuer operates. Furthermore, the measures implemented by the competent authorities, and mainly the Italian Government, on the one side, helped facing the health emergency, while on the other had massive negative consequences in human, social and economic terms. Indeed, such measures led to a reduction in revenues on the majority of the corporate customers, an increase of costs related to the actions necessary to contain and prevent the spread of Covid-19 and, in turn, on the ability to pay existing debt (potentially also *vis-à-vis* the Issuer) and on current employment levels. Any of such circumstances may have an impact on the Issuers' results and, in turn, on the Issuers' ability to pay interest or repay principal under the Covered Bonds.

Despite the actions taken so far by the Italian government, the regulatory bodies of the European Union and the relevant member states to mitigate the negative impacts of the anti-Covid-19 measures and support the economic recovery, significant uncertainties still remain about the evolution, severity and duration of the pandemic. Should the Covid-19 pandemic and the consequent economic crisis situation persist in the forthcoming months, further negative impacts may arise on the Issuers' business situation, also due to the fact that such crisis situation increase the materiality of most of the risks to which the Issuer is exposed to, which are detailed below, and in turn the Group's results and financial condition might be materially adversely affected.

***The Issuers' financial results are affected by changes in interest rates***

Fluctuations in interest rates in Italy and in the other markets in which the Mediobanca Group operates influence the Mediobanca Group's performance. The results of each Issuer's banking operations are affected by its management of interest rate sensitivity (*i.e.* Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income). A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the Issuers' financial condition or results of operations.

***The Issuers' financial results may be affected by market declines and volatility***

The results of the Issuers may be affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Issuers' customers may default on their loans or other obligations. Interest rate rises may also impact the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the Issuers' borrowers and counterparties, including sovereign states, can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

The Issuers are therefore exposed by its very nature to potential changes in the value of financial instruments, including securities issued by sovereign states, due to fluctuations in interest rates, exchange rates and currencies, stock market and commodities prices and credit spreads, and/or other risks.

***The Issuers are subject to credit risk and market risk***

Credit risk relates to the risk of loss arising from counterparty default or, more generally, from counterparties failure to perform their contractual obligations. Therefore, the Issuers' business depends on the creditworthiness of its borrowers and counterparties, including sovereign states, which can affect the recoverability of loans and amounts due to the Issuers.

Notwithstanding any policy implemented to hedge or otherwise manage their exposure to credit risk, the Issuers may not have access to all relevant information regarding its customers and their financial position, before granting loans. Any failure to properly understand the financial and economic profile of their customers could have an adverse effect on the Issuers' business and financial results.

In addition, during recessionary periods, there may be less demand for loan products and a greater number of the Issuers' customers may default on their loans or other obligations. Interest rate rises may also impact the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the Issuers' borrowers and counterparties, including sovereign states, can affect the overall credit quality and the recoverability of loans and amounts due from counterparties, with a consequent negative impact on the Issuers' business and financial results.

Market risk relates to the risk arising from market transactions in connection with financial instruments, currencies and commodities. The Issuers' trading revenues are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Issuers' financial results also depend upon how effectively the Issuers determine and assess the cost of credit and manages their credit risk and market risk concentration. In addition, due to market fluctuations, weak economic conditions and/or a decline in stock and bond prices, trading volumes or liquidity, the Issuers' financial results may also be affected by a downturn in the revenues deriving from their margin interests, principal transactions, investment banking and securities trading fees and brokerage activities.

The credit and capital markets have been experiencing extreme volatility and disruption in recent months. To the extent that any of the instruments and strategies the Issuers use to hedge or otherwise manage their exposure to credit or capital markets risk are not effective, the Issuers may not be able to mitigate effectively their risk exposures in particular market environments or against particular types of risk. The Issuers' trading revenues and interest rate risk are dependent upon their ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Issuers' financial results also depend upon how effectively the Issuers determine and assess the cost of credit and manage their credit risk and market risk concentration. In addition, due to market fluctuations, weak economic conditions and/or a decline in stock and bond prices, trading volumes or liquidity, the Issuers' financial results may also be affected by a downturn in the revenues deriving from its margin interests, principal transactions, investment banking and securities trading fees and brokerage activities.

### ***Risk relating to the Issuers investment banking and financial advisory activities***

The Issuers' investment banking revenues, in the form of financial advisory and debt and equity underwriting fees, are directly related to the number and size of the transactions in which the Issuers participate and may be impacted by continued or further credit market dislocations or sustained market downturns. Sustained market downturns or continued or further credit market dislocations and liquidity issues would also likely lead to a decline in the volume of capital market transactions that the Issuers execute for their clients and, therefore, to a decline in the revenues that it receives from commissions and spreads earned from the trades the Issuer executes for its clients. Further, to the extent that potential acquirers are unable to obtain adequate credit and financing on favourable terms, they may be unable or unwilling to consider or complete acquisition transactions, and as a result the Issuers' merger and acquisition advisory practice would suffer.

In addition, declines in the market value of securities can result in the failure of buyers and sellers of securities to fulfil their settlement obligations, and in the failure of the Issuers' clients to fulfil their credit obligations. During market downturns, the Issuers' counterparties in securities transactions may be less likely to complete transactions. Also, the Issuers often permit their clients to purchase securities on margin or, in other words, to borrow a portion of the purchase price from the Issuers and collateralize the loan with a set percentage of the securities. During steep declines in securities prices, the value of the collateral securing margin purchases may drop below the amount of the purchasers' indebtedness. If the clients are unable to provide additional collateral for these loans, the Issuers may lose money on these margin transactions. In addition, particularly during market downturns, the Issuers may face additional expenses defending or pursuing claims or litigation related to counterparty or client defaults.

### ***Risks connected to the presence of OTC derivatives in the Group's portfolio***

The investors should note that the portfolio of the Group contains so-called "over the counter" ("OTC") derivatives. The fair value of these OTC derivatives depends upon both the valuation and the perceived credit risk of the instrument insured or guaranteed or against which protection has been bought and the credit quality of the protection provider. Market counterparties have been adversely affected by their exposure to residential mortgage linked products, and their perceived creditworthiness has deteriorated significantly since 2007. Although the Group seeks to limit and manage direct exposure to market counterparties, indirect exposure may exist through other financial arrangements and counterparties. If the financial condition of market counterparties or their perceived creditworthiness deteriorates further, the Group may record further credit valuation adjustments on the underlying instruments insured by such parties.

Any primary or indirect exposure to the financial condition or creditworthiness of these counterparties could have a material adverse impact on the results of operations, financial condition and prospects of the Group.

### ***Risk relating to intense competition, especially in the Italian market, where the Group has the largest concentration of its business***

Competition is intense in all of the Mediobanca Group's primary business areas in Italy and the other countries in which the Mediobanca Group conducts its business. The Mediobanca Group derives most of its total banking income from its banking activities in Italy, a mature market where competitive pressures have been increasing quickly. If the Mediobanca Group is unable to continue to respond to the competitive environment in Italy with attractive product and service offerings that are profitable for the Mediobanca Group, it may lose market share in important areas of its business or incur losses on some or all of its activities.

### ***The Issuers are subject to operational risk***

The adverse effects on the Issuers may impact on whether they can make the payments due on the Notes issued under the Programme. The Issuers, like all financial institutions, are exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty computer or telecommunication systems. The Issuers' systems and processes are designed to ensure that the operational risks associated with the Issuers' activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect the Issuers' financial performance and business activities.



***The Issuers' operation is dependent upon the correct functioning of the IT systems, which might expose the Group to certain risks***

The financial losses or impacts on the Issuers' operations that may arise may impact on whether they can make the payments due on the Notes issued under the Programme. The Issuers' operation depends on, among other things, the correct and adequate operation of the Issuers' IT systems, as well as their continuous maintenance and constant updating.

Although the Issuers have always invested significant resources in upgrading its IT systems and improving its defense and monitoring systems, possible risks remain with regard to the reliability of the systems (*e.g.* disaster recovery), the quality and integrity of the data managed and the threats to which IT systems are subject, as well as physiological risks related to the management of software changes (change management), which could have negative effects on the Issuers' business, results of operations and financial condition.

Among the risks that the Issuers might face relating to the management of IT systems are the possible violations of its systems due to unauthorised access to the Issuers' corporate network or IT resources, the introduction of viruses into computers or any other form of abuse committed via internet. Like attempted hacking, such violations have become more frequent over the years throughout the world and therefore can threaten the protection of information relating to the Issuers and their customers and can have negative effects on the integrity of the Issuers' IT systems, as well as on the confidence of their customers and on the Issuers' reputation, with possible negative effects on the Issuers' business, results of operations and financial condition.

In addition, the Issuers' substantial investment in resources in software development creates the risk that when one or more of the above-mentioned circumstances occurs, the Issuers' may suffer financial losses or impacts on the Issuers' operations if the software is destroyed or seriously damaged, or will incur repair costs for the violated IT systems.

***(B) RISKS RELATING TO THE ISSUERS' FINANCIAL SITUATION***

***Liquidity Risk***

Liquidity risk is the risk that the Issuers will be unable to meet their obligations as they fall due, because of their inability to obtain funding (*i.e.*, funding liquidity risk) and/or because of their difficulties to sell assets without incurring in a capital loss due to the illiquid nature of the market (*i.e.*, market liquidity risk).

The liquidity of the Issuers may be affected by (i) national and international markets' volatility; (ii) potential adverse developments of general economic, financial and other business conditions; (iii) circumstances making the Issuers temporarily unable to obtain access to capital markets by issuing debt instruments; (iv) credit spreads; (v) regulatory developments in the prudential requirements field; and (vi) variations in the Issuers' creditworthiness – which may affect the aforementioned market liquidity risk. All the above circumstances may derive from factors – as market disruptions – which do not depend on the Issuers' will, but may adversely affect their liquidity profile.

***Risks in connection with the exposure of the Group to Eurozone sovereign debt***

In carrying out its activities, the Group holds substantial volumes of public-sector bonds, including bonds issued by European countries. The Group's total exposure in this respect as at 30 June 2020 is set out in the tables A.1.2a and A.1.2b of Part E on page 273 of the audited

consolidated annual financial statements of Mediobanca as at and for the year ended 30 June 2020 incorporated by reference into this Base Prospectus. This could give rise to operational disruptions to the Group's business.

Thus, any negative developments in the Group's sovereign exposure could adversely affect its results of operations, business and financial condition.

### ***Risks connected to a potential rating downgrade***

At the date of this Prospectus, Mediobanca is rated (i) by A-2 (short-term Issuer Credit Rating "ICR"), BBB (long-term ICR), BBB (long-term ICR) and negative (outlook) S&P, (ii) F3 (short-term Issuer Default Rating "IDR"), BBB- (long-term IDR) and stable (outlook) by Fitch and (iii) P-2 (short-term Counterparty Risk and Deposits Rating), Baa1 (long-term Counterparty Risk and Deposits Rating) and stable (outlook) by Moody's. Each of S&P, Fitch and Moody's are established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit rating agencies, (as amended from time to time) (the "CRA Regulation") as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation.

A downgrade of Mediobanca's rating (for whatever reason) might result in higher funding and refinancing costs for Mediobanca in the capital markets. In addition, a downgrade of Mediobanca's rating may limit Mediobanca's opportunities to extend mortgage loans and may have a particularly adverse effect on Mediobanca's image as a participant in the capital markets, as well as in the eyes of its clients. These factors may have an adverse effect on Mediobanca's financial condition and/or the results of its operations.

In addition, Mediobanca's credit ratings are potentially exposed to the risk of reductions in the sovereign credit rating of the Republic of Italy. On the basis of the methodologies used by rating agencies, any downgrades of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as Mediobanca and make it more likely that the credit rating of Notes issued under the Programme are downgraded.

### ***(C) RISK FACTORS RELATING TO THE LEGAL AND REGULATORY FRAMEWORK***

#### **Changes in the Italian and European regulatory framework could adversely affect the Issuer's business**

Mediobanca is subject to extensive regulation and supervision by the Bank of Italy, the *Commissione Nazionale per le Società e la Borsa* (the Italian securities market regulator or "CONSOB") the European Central Bank and the European System of Central Banks. Mediobanca International is subject to extensive regulation and supervision by the CSSF, the European Central Bank and the European System of Central Banks.

The banking laws to which the Issuers are subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuers must comply with financial services laws that govern their marketing and selling practices. The regulatory framework governing the international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the Grand Duchy of Luxembourg and could significantly alter the Issuers' capital requirements.

The supervisory authorities mentioned above govern various aspects of the Issuers, which may include, among other things, liquidity levels and capital adequacy, the prevention and combating of money laundering, privacy protection, ensuring transparency and fairness in customer relations and registration and reporting obligations. In order to operate in compliance with these regulations, the Issuers have in place specific procedures and internal policies. Despite the existence of these procedures and policies, there can be no assurance that violations of regulations will not occur, which could adversely affect the Group's results of operations, business and financial condition. The above risks are compounded by the fact that, as at the date of this Base Prospectus, certain laws and regulations have only been approved and the relevant implementation procedures are still in the process of being developed.

***The Bank Recovery and Resolution Package is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it could materially affect the value of any Notes***

Directive 2014/59/EU (the "**BRRD**") as amended by Directive 2017/2399 (the "**BRRD Amending Directive**") and Directive 2019/879 (the "**BRRD II**" and, jointly with the BRRD and the BRRD Amending Directive, the "**BRRD Package**") provides for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The BRRD has been implemented in (i) Italy through the adoption of the Legislative Decrees No. 180/2015 and 181/2015 and (ii) the Grand Duchy of Luxembourg through the adoption of the Law of 18 December 2015.

The BRRD Package contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that: (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims into shares or other instruments of ownership (*i.e.* shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the "**General Bail-in Tool**"), which equity could also be subject to any future application of the General Bail-In Tool.

In addition to the General Bail-in Tool, the BRRD Package provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as subordinated notes at the point of non-viability and before or concurrently with any other resolution action is taken ("**non-viability loss absorption**"). Any shares issued to holders of the Notes upon any such conversion into equity capital instruments may also be subject to any application of the General Bail-in Tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD Package is the point at which the relevant authority determines

that the institution or its group meets the conditions for resolution (but no resolution action has yet been taken) or that the institution and/or its group will no longer be viable unless the relevant capital instruments are written-down or converted or extraordinary public support is to be provided and the appropriate authority determines that without such support the institution would no longer be viable.

In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of debt instruments and other eligible liabilities issued by an institution under resolution or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for those secured liabilities which are subject to Article 44(2) of the BRRD.

Moreover, the European Commission has proposed a harmonised national insolvency ranking of unsecured debt instruments to facilitate credit institutions' issuance of such loss absorbing debt instruments, by creating, *inter alia*, a new asset class of "non-preferred" senior debt instruments with a lower rank than ordinary senior unsecured debt instruments in insolvency. In such perspective, the proposed amendments to Article 108 of the BRRD aim at enhancing the implementation of the bail-in tool and at facilitating the application of the "minimum requirement for own funds and eligible liabilities" ("**MREL**") requirement concerning the loss absorption and recapitalisation capacity of credit institutions and investment firms. As such, the amendments provide an additional means for credit institutions and certain other institutions to comply with the forthcoming MREL requirement and improve their resolvability, without constraining their respective funding strategies.

The powers set out in the BRRD Package and the application of the MREL requirement will impact credit institutions and investment firms and how they are managed as well as, in certain circumstances, the rights of creditors under the Programme.

### ***Risk related to major regulatory changes***

In the wake of the global financial crisis that began in 2008, the Basel Committee on Banking Supervision approved a number of capital adequacy and liquidity requirements ("**Basel III**") aimed at reaching higher and better-quality capital and risk coverage and at implementing measures to promote the build-up of capital that can be drawn down in periods of stress, the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. The Basel III framework adopted a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019.

Moreover, the Basel Committee has embarked on a very significant risk weighted assets ("**RWAs**") variability agenda. This includes the Fundamental Review of the Trading Book, revised standardised approaches (*e.g.* credit, market, operational risk), constraints to the use of internal models as well as the introduction of a capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance. The new setup will have a significant impact on risk modelling. From a credit risk perspective, an impact is expected both on capital held against the exposures assessed via standardised approach and on those evaluated via an internal ratings based approach ("**IRB**"), due to the introduction of capital floors that, according to the new framework, will be calculated based on the revised standardised approach. Implementation of these new rules on risk models will take effect from 1 January 2022.

At the European level, the Basel III rules have been implemented through two separate legislative instruments: Directive 2013/36/EU of 26 June 2013, as amended (the "**CRD IV**

**Directive**") and Regulation (EU) No. 575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**" and together with the CRD IV Directive, the "**CRD IV**").

The CRD IV has been recently, as well as the BRRD and the SRM Regulation, following the adoption of a comprehensive reform package first announced by the European Commission in November 2016 (the "**EU Banking Reform**"). In particular, the EU Banking Reform consists of:

- Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending the CRD IV Directive as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (the "**CRD V**");
- Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the "**CRR II**");
- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the Bank Recovery and Resolution Directive as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (the "**BRRD II**"); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 806/2014 as regards the loss absorbing and recapitalisation capacity of credit institutions and investment firms (the "**SRMR II**").

These recently introduced banking reforms as well as other laws and regulations that may be adopted in the future could result in additional charges and obligations to be fulfilled by the Issuer, which could impact negatively on the Issuer's operating results and its earnings, capital and financial situation.

### ***Risks related to changes in fiscal law***

These recently introduced banking reforms as well as other laws and regulations that may be adopted in the future could adversely affect the Issuer's business, financial condition, results of operations and cash flow.

The Issuers are subject to risks associated with changes in tax law or in the interpretation of tax law, changes in tax rates and consequences arising from non-compliance with procedures required by tax authorities. Any legislative changes affecting the calculation of taxes could therefore have an impact on the Issuers' financial condition, results of operations and cash flow.

With particular reference to Mediobanca, Mediobanca is required to pay Italian corporate income taxes ("**IRES**") pursuant to Title II of Italian Presidential Decree no. 917 of 22 December 1986 (*i.e.* the Consolidated Income Tax Law, or "**TUIR**") and the Italian regional business tax ("**IRAP**") pursuant to Legislative Decree no. 446 of 15 December 1997, and the amount of taxes due and payable by Mediobanca may be affected by tax benefits from time to time available.

Mediobanca currently benefits from the stimulus provisions introduced by way of article 1 of Italian Law Decree no. 201 of 6 December 2011, as amended and converted into Law no. 214 of 22 December 2011, concerning "economic-growth allowances" (*aiuto alla crescita economica*, or "ACE"). The ACE rules allow for a deduction from net income for the purposes of IRES of an amount computed by applying a notional yield at a rate of 1.3% from 2019 onwards to the increase in net equity (the "ACE Base"). The ACE base is, for the first year of application of ACE (*i.e.* 2011), the amount of equity existing at close of that year less the amount of equity as of 31 December 2010 (excluding profits earned in 2010) and, for subsequent years, the base carried forward from the previous year as adjusted (increased and reduced) to reflect components affecting equity.

In accordance with article 3 of the Italian Ministerial Decree of 3 August 2017 revising the implementing provisions of the ACE legislation, if the amount of the notional yield (*i.e.* the ACE deduction) exceeds net income declared for a given tax year (the "Excess ACE"), such excess (i) may increase the amount deductible from income in subsequent tax years without time or amount limits, or (ii) may be converted into a tax credit calculated by applying the IRES tax rate, as per article 77 of the TUIR, to the Excess ACE amount and then utilised in five annual instalments of equal amount as an offset to IRAP up to the amount of tax due for the period.

From time to time, the Italian budget law may also include provisions that affect the deductibility of particular items that could result in an increase in the taxable income of the Issuer for IRES and/or IRAP purposes, either in general or for specific tax period(s).

#### ***The Issuer may be affected by new accounting and regulatory standards***

The potentially negative effects on the estimates contained in the financial plans for future years may impact on whether the Issuers can make the payments due on the Notes issued under the Programme. Following the entry into force and subsequent application of new accounting standards and/or regulatory rules and/or the amendment of existing standards and rules, the Issuer may have to revise the accounting and regulatory treatment of some operations and the related income and expense, with potentially negative effects on the estimates contained in the financial plans for future years and with the need to restate already published financial statements.

#### ***There is a risk that the Share Linked Notes are treated as equity of the Issuer for Luxembourg tax purposes***

Luxembourg tax law generally follows Luxembourg civil (or commercial) law and Luxembourg GAAP when determining the nature of an instrument. Instruments such as the Share Linked Notes that are considered as debt for Luxembourg legal and Luxembourg GAAP purposes are thus, as a general rule, also considered as debt for Luxembourg tax purposes. Accordingly, payments of interest made on such instruments should (i) be deductible for Luxembourg corporate income tax and (ii) not be subject to Luxembourg withholding tax; furthermore, the principal amount of such instruments should be deductible for Luxembourg net wealth tax purposes.

Nevertheless, in certain circumstances and on the basis of legal and factual elements, it might be the case that the economic substance differs from the legal documentation, in which case, the tax analysis of the equity or debt qualification of a financial instrument must follow the "economic substance over legal form" approach. In accordance with this economic approach,

or "*wirtschaftliche Betrachtungsweise*", any analysis of the equity or debt qualification of an instrument must cover different features, no single element being decisive.

Given that the performance of the Share Linked Notes is linked to the performance of a share (or basket of shares), there is a risk that the Share Linked Notes are qualified as equity of Mediobanca International for Luxembourg tax purposes and accordingly there is a risk that payments of interest under the Share Linked Notes is not deductible for Luxembourg corporate income tax purposes and subject to Luxembourg dividend withholding tax. There is a further risk that the principal amount of such Share Linked Notes is no longer deductible for Luxembourg net wealth tax purposes.

Investors should note that, in the event of a change in the official interpretation of a Luxembourg law or regulation resulting in the payment of interest under the Share Linked Notes being no longer deductible for corporate income tax purposes or payments under the Share Linked Notes becoming subject to withholding tax, the performance of Mediobanca International as Issuer could be impacted due to the potential increase of its taxable basis and the increase of its tax liability.

***The transposition of the Anti-Tax Avoidance Directives in Luxembourg law could have an impact on the tax position of Mediobanca International (including its performance)***

As part of its anti-tax avoidance package, and to provide a framework for a harmonised implementation of a number of the BEPS conclusions across the EU, the EU Council adopted Council Directive (EU) 2016/1164 ("**ATAD 1**") on 12 July 2016. The EU Council further adopted Council Directive (EU) 2017/952 ("**ATAD 2**" and, together with the ATAD 1, "**ATAD**") on 29 May 2017, amending the EU Anti-Tax Avoidance Directive 1, to provide for minimum standards for counteracting hybrid mismatches involving EU member states and third countries.

In this respect, the Luxembourg law dated 21 December 2018 (the "**ATAD 1 Law**") transposed the ATAD 1 into Luxembourg legislation. The ATAD 1 Law may have an impact on the tax position of Mediobanca International (including on its performance). Amongst the measures contained in the ATAD 1 Law is an interest deductibility limitation rule.

The interest deduction limitation rule set out by ATAD 1 has been implemented in article 168bis of the Luxembourg income tax law ("**LITL**") effective as of 1 January 2019, which restrict, for a Luxembourg taxpayer (such as Mediobanca International), the deduction of net interest expenses qualifying as "excess borrowing costs" to the higher of (i) 30 per cent. of the taxpayer's EBITDA (defined as the taxpayer's total net income increased by the amount of its excess borrowing costs, depreciation and amortisation), and (ii) € 3 million.

Excess borrowing costs are defined as the amount by which the deductible borrowing costs of a taxpayer exceeds the taxpayer's taxable interest revenues and other economically equivalent taxable income of the taxpayer. Excess borrowing costs not deductible in a tax period can be carried forward indefinitely. The same applies to a taxpayer's excess interest capacity which cannot be used in a given tax period (however, such excess interest capacity can only be carried forward for a maximum period of 5 years).

If ATAD 1 should result in the refusal of the tax deductibility of a portion of the interest accrued or paid under the Notes, the tax position as well as the performance of Mediobanca International as Issuer could be impacted due to the potential increase of its taxable basis.

EU Anti-Tax Avoidance Directives also contain rules relating to so-called hybrid mismatches. Luxembourg implemented the anti-hybrid mismatch rules under ATAD 2 in article 168ter of the Luxembourg income tax law with effect as of 1 January 2020.

As per article 168ter of the Luxembourg income tax law, a hybrid mismatch arises when a payment between entities located in different states results in a double deduction or a deduction without inclusion. In the event of a double deduction, the deriving hybrid mismatch should be adjusted by denying the deduction at the level of either (i) the payee or (ii) the payor (provided that the deduction has not already been denied at the level of the payee). In the event of a deduction without inclusion, the deriving hybrid mismatch shall be adjusted by means of either (i) the denial of the deduction at the level of the payor or (ii) the inclusion of the payment in the taxable income of the payee (provided that the deduction has not already been denied at the level of the payor).

A hybrid mismatch occurs only if it arises either (i) between "associated enterprises" or in the case of "acting together" or (ii) in the case of a structured arrangement.

The impact of ATAD 2 depends on the tax treatment at the level of the relevant holder of Notes and may alter the tax position and hence the performance of Mediobanca International.

## 2. Risks relating to the Notes

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme.**

#### ***(A) The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) proceed with investment only after fully appreciating the risks inherent in the nature of the Notes;
- (ii) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (iii) evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets;
- (v) consider all of the risks of an investment in the Notes, including Notes with payments thereunder payable in one or more currencies, or where the currency for payments thereunder is different from the potential investor's currency; and
- (vi) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;



- (vii) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, an investment in Share Linked Notes, Index Linked Notes, Fund Linked Notes, Credit Linked Notes, Inflation Linked Notes, Physical Delivery Notes, Commodity Linked Notes, FX Linked Notes, Interest Rate Linked Notes and Debt Linked Notes may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks related to the structure of a particular issue of Notes*" set out below.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios.

A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

**(B) *Risks related to the structure of a particular Issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common risks.

**(i) *General risks***

The Notes involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a partial or total loss of the purchase price of their Notes. This risk reflects the nature of a Note as an asset which, other factors held constant, tends to decline in value over time and which may become worthless on maturity. See "*Certain Factors Affecting the Value and Trading Price of Notes*" below. Prospective purchasers of Notes should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Notes and the particular share (or basket of shares), index (or basket of indices), fund (or basket of funds), reference entity (or reference entities), inflation rate, commodity (or basket of commodities), debt instrument (or basket of debt instruments), interest rate (or basket of interest rates), currency exchange rate or foreign exchange rate to which the value of the relevant Notes may relate, as specified in the applicable Final Terms.

**(ii) *Notes referencing a Reference Item***

The Issuer may issue Notes with the amount of principal repayable on maturity being determined by reference to a particular share (or basket of shares), index (or basket of indices), fund (or basket of funds), reference entity (or reference entities), inflation rate, commodity (or

basket of commodities), foreign exchange rate or debt instrument (or basket of debt instruments) (each, a "**Reference Item**"). Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) where the Notes are not capital guaranteed Notes, they may lose all or a substantial portion of their principal;
- (d) the Reference Items may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other securities or indices;
- (e) the timing of changes in a Reference Item may affect the actual yield to investors, even if the average level is consistent with their expectations;
- (f) if the Notes are redeemable either by payment of the final redemption amount or by delivery of underlying assets relating to the Reference Item in lieu thereof, the value of the underlying assets received may be less than the principal amount of the Notes; and
- (g) the Notes are of limited maturity and, unlike direct investments in a share, index, fund, security, inflation index, commodity, debt instruments, interest rates or other asset, investors are not able to hold Notes beyond the Maturity Date in the expectation of a recovery in the price of the Reference Item.

Notes linked to Reference Item(s) will represent an investment linked to the economic performance of the relevant Reference Item(s) and potential investors should note that the return (if any) on their investment in such Notes will depend upon the performance of such Reference Item(s). Potential investors should also note that whilst the market value of such Notes is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change in the market value of such Notes may not be comparable to changes in the market value of the Reference Item(s). It is impossible to predict how the market value of the relevant Reference Item(s) will vary over time.

Fluctuations in the price of the relevant share or value of the basket of shares will affect the value of Share Linked Notes. Fluctuations in the value of the relevant index will affect the value of Index Linked Notes. Fluctuations in the value of the relevant fund or the value of the basket of funds will affect the value of Fund Linked Notes. Fluctuations in the market price for the purchase of credit protection in relation to the relevant reference entity or basket of reference entities will affect the value of Credit Linked Notes. Fluctuations in the value of the relevant inflation rate will affect the value of Inflation Linked Notes. Fluctuations in the value of the relevant commodity or basket of commodities will affect the value of Commodity Linked Notes. Fluctuations in the rates of exchange between the relevant currencies will affect the value of FX Linked Notes. Fluctuations in the value of the relevant debt instrument or basket of debt instruments will affect the value of Debt Linked Notes. Fluctuations in the value of the relevant interest rate or basket of interest rates will affect the value of Interest Rate Linked Notes. Purchasers of Notes risk losing their entire investment if the value of the relevant Reference Item does not move in the anticipated direction.

The risk of the loss of some or all of the purchase price of a Note upon maturity means that, in order to recover and realise a return upon his or her investment, a purchaser of a Note must

generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item. Assuming all other factors are held constant, the lower the value of a Note and the shorter its remaining term to maturity, the greater the risk that purchasers of such Note will lose all or part of their investment.

The historical performances of a Reference Item should not be viewed as an indication of the future performance of such Reference Item during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risks entailed by an investment in any Notes and the suitability of such Notes in light of its particular circumstances.

The Issuer may issue several issues of Notes relating to various Reference Items as may be specified in the applicable Final Terms. However, no assurance can be given that the Issuer will issue any Notes other than the Notes to which particular Final Terms relate. At any given time, the number of Notes outstanding may be substantial.

*(iii) Exposure to performance of basket and its components*

Where the Notes are linked to or reference a basket of assets, the investors in such Notes are exposed to the performance of such basket. Investors will bear the risk of the performance of each of the basket components.

The Notes may provide for the application to the relevant Reference Items of a component weight, in order to increase or decrease the percentage of each Reference Item used to determine the amounts payable or deliverable to investors. The component weight may be lower than 100 per cent..

In such case, the amounts payable or deliverable to investors will be reduced and, therefore, will contribute to the yield of the Notes only to such reduced extent. The performance of the relevant Reference Item(s) will, therefore, impact the yield of the Notes only to a limited extent.

*(iv) Share Linked Notes*

*General*

The Issuer may issue Share Linked Notes which are securities whose performance is linked to the performance of a share (or basket of shares). An investment in Share Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

In the case of Share Linked Notes, no issuer of such shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Share Linked Notes and neither the Issuer nor any Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer

of shares could affect the trading price of the share and therefore the trading price of the Share Linked Notes.

The performance of Shares is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments, political factors and company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. These factors are not within the relevant Issuer's control and may result in a decline in the value of the Notes.

#### *Lack of rights in respect of the Shares*

Except as provided in the Specific Terms and Conditions in relation to Share Linked Notes, holders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Share Linked Notes relate.

Share Linked Notes do not represent a claim against or an investment in any issuer of the relevant share(s) and investors will not have any right of recourse under the Share Linked Notes to any such company or the shares. Share Linked Notes are not in any way sponsored, endorsed or promoted by any issuer of the relevant share(s) and such companies have no obligation to take into account the consequences of their actions for any holders. Accordingly, the issuer of a share may take any actions in respect of such share without regard to the interests of the investors in the Share Linked Notes, and any of these actions could adversely affect the market value of the Share Linked Notes.

#### *Exposure to modification and disruption events*

Upon determining that a Potential Adjustment Event, Merger Event, Tender Offer, De-listing, Nationalization, Insolvency, Additional Disruption Event, Market Disruption Event or certain other events have occurred in relation to an underlying Share or Share Issuer, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Share Linked Notes and/or (ii) (in the case of a Merger Event, Tender Offer, De-listing, Nationalization or Insolvency) cause early redemption/settlement of the Share Linked Notes, any of which determinations may have an adverse effect on the value of the Share Linked Notes.

Potential Adjustment Events include (a) a sub-division, consolidation or re-classification of the Shares, (b) a distribution in kind, (c) an extraordinary dividend, (d) a call of the Shares that are not fully paid, (e) a repurchase by the issuer, or an affiliate thereof, of the Shares, (f) a separation of rights from the Shares or (g) any event having a dilutive or concentrative effect on the value of the Shares.

#### *Physical delivery of Shares*

Where the Share Linked Notes include the right of the relevant Issuer, subject to the fulfillment of a particular condition, to redeem the Share Linked Notes at their maturity by delivering Shares to the investor, the investors will receive such Shares rather than a monetary amount upon maturity. Holders will, therefore, be exposed to the issuer of such Shares and the risks associated with such Shares. The investor should not assume that he or she will be able to sell such Shares for a specific price after the redemption/settlement of the Share Linked Notes, and in particular not for the purchase price of the Share Linked Notes. Under certain circumstances the Shares may only have a very low value or may, in fact, be worthless. Holders may also be

subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Shares.

(v) *Index Linked Notes*

*General*

The Issuer may issue Index Linked Notes which are securities whose performance is linked to the performance of an index. An investment in Index Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

Factors affecting the performance of Indices may adversely affect the value of the Index Linked Notes. Indices are comprised of a synthetic portfolio of shares, bonds, currency exchange rates, commodities, property or other assets, and as such, the performance of an Index is dependent upon the performance of components of such index, which may include interest rates, currency developments, political factors, market factors such as the general trends in capital markets or broad based indices and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. If an Index does not perform as expected, this will materially and adversely affect the value of Index Linked Notes.

*Returns on the Index Linked Notes do not reflect a direct investment in underlying shares or other assets comprising the Index*

The return payable on Index Linked Notes that reference indices may not reflect the return a potential investor would realise if it actually owned the relevant assets comprising the components of the Index or owned a different form of interest in the relevant Index. For example, if the components of the Indices are shares, holders of Index Linked Notes will not receive any dividends paid or distributions made on those shares and will not participate in the return on those dividends or distributions unless the relevant Index takes such dividends into account for purposes of calculating the relevant level. Similarly, holders of Index Linked Notes will not have any voting rights in the underlying shares or any other assets which may comprise the components of the relevant Index. Accordingly, holders of Index Linked Notes that reference Indices as Reference Items may receive a lower payment upon redemption/settlement of such Index Linked Notes than such holder of Index Linked Notes would have received if it had invested in the components of the Index directly or other comparable instruments linked to the Index.

*A change in the composition or discontinuance of an Index could adversely affect the market value of the Index Linked Notes*

The sponsor of any Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The changing of components of any Index may affect the level of such Index as a newly added component may perform significantly worse or better than the component it replaces, which in turn may affect the payments made by the relevant Issuer to the holders of the Index Linked Notes. The sponsor of any such Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Index Linked Notes and will have no obligation to any holder of such Index Linked Notes. Accordingly, the sponsor of an Index may take any actions in respect of such

Index without regard to the interests of the holder of the Index Linked Notes, and any of these actions could adversely affect the market value of the Index Linked Notes.

*Exposure to modification and disruption events*

Upon determining that an Additional Disruption Event, Index Modification, Index Cancellation, Index Disruption, Market Disruption Event or certain other events have occurred in relation to Index Linked Notes, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Share Linked Notes and/or (ii) (in the case of an Additional Disruption Event, Index Modification, Index Cancellation, Index Disruption) cause early redemption/settlement of the Index Linked Notes, any of which determinations may have an adverse effect on the value of the Index Linked Notes.

The Calculation Agent may (subject to the terms and conditions of the relevant Index Linked Notes) also amend the relevant Index level due to corrections in the level reported by the Index sponsor. The consequences of such amendments could adversely affect the market value of the Index Linked Notes.

*Additional risks in relation to the Proprietary Index*

Where the index is a Proprietary Index, investors should also consider the following risks.

(a) *Valuation of the Index*

Investors in the Medbar-linked Notes should be aware that such investment involves assessing the risk of an investment linked to the Index and the techniques used to link the Note to the Index. Investors should be experienced with respect to transactions involving the purchase of Notes the value of which derives from an Index possibly in combination with a related derivative. The value of the Index and the related derivative and the value of the techniques used to link them may vary over time and may increase or decrease by reference to a variety of factors which may include, amongst others, corporate actions, macro economic factors and speculation. Where the Index is a basket of securities or one or more indices, the changes in the value of any one security or index may be offset or intensified by fluctuations in the value of other securities or indices which comprise such constituents of the Index or by changes in the value of the related derivative itself.

(b) *Exchange Rates*

Each investor should be aware that (i) the Index may directly or indirectly provide exposure to a number of different currencies of emerging market or developed countries; (ii) the Index and/or the related derivative may be denominated in a currency other than the reference currency; (iii) the Notes may be denominated in a currency other than the currency of the investor's home jurisdiction; and/or (iv) the Notes may be denominated in a currency other than the currency in which an investor wishes to receive his monies. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets, which are influenced by macro economic factors (such as the economic development in the different currency areas, interest rates and international capital movements), speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes.

(c) *Interest Rate*

The Issuer may issue Notes whose performance is linked to the fluctuations of the denomination currency of the Index and/or the related derivative (if applicable) and/or the Notes. Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Notes. Fluctuations in interest rates of the currency in which the Products are denominated and/or fluctuations in interest rates of the currency or currencies in which the Index and/or the related derivative are denominated may affect the value of the Notes.

(d) *Commodities*

Prices of commodities are influenced by, among other things, various macro economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments (including government intervention in certain markets) and other unforeseeable events. Any change in the price of such commodities may affect the value of the Notes.

(e) *Equities*

Given the possibility for the Index to have, as components, sub-indices implementing long-short strategies on equities, the sub-fund is not directly linked to the general movement of the stock markets. As a result, the sub-fund might register a negative performance because of an adverse evolution of such equity sub-indices, even though the stock markets registered a positive or even a strong positive performance.

(f) *Market Volatility*

Market volatility reflects the degree of instability and expected instability of the performance of the Products, the Index and/or the related derivative, and/or the techniques to link the related derivative to the Index, where applicable, or the techniques used to link the net proceeds of any issue of Notes to the Index(s), where applicable. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivatives markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro economic factors and speculation. This may in turn affect the Notes.

(g) *Liquidity Risk*

Certain types of assets or securities may be difficult to buy or sell, particularly during adverse market conditions. This may affect the ability to obtain prices for the sub-indices of the Index and may therefore affect the value of the Index. This may in turn affect the Notes.

*There are additional risks in relation to Commodity Indices*

See "*Additional risks in relation to the "rolling" of commodity futures contracts (including commodity futures contracts which are Components of a Commodity Index)*" below.

(vi) *Fund Linked Notes*

## *General*

The Issuer may issue Fund Linked Notes which are securities whose performance is linked to the performance of an underlying fund (or basket of funds). An investment in Fund Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

Investors in Fund Linked Notes should understand that:

- (i) there are market risks associated with an actual investment in the underlying fund(s), and while the Notes do not create an actual interest in the underlying fund(s), the return on the Notes generally involves the same associated risks as an actual investment in the underlying fund(s). The Issuer has not purported and does not purport to be a source of information concerning the market risks associated with such underlying fund or fund interests;
- (ii) third parties, not related to the Issuer or the Guarantor, may subscribe for and redeem underlying fund interests. These investments may affect the performance and volatility of such fund's net asset value and so subsequently affect, from time to time, the return on the Notes;
- (iii) the Issuer has no control over the underlying fund(s) or the performance of such fund(s) and any performance of the underlying fund(s) necessary for the Notes to yield a specified return is not assured. Potential investors in the Notes should understand that the performance of the underlying fund(s) may, depending on the terms of the Notes, strongly affect the value of payments on the Notes;
- (iv) the value of units in the underlying fund(s) and the income from it may fluctuate significantly. The Issuer makes no representation or warranty about, or guarantee of, the performance of an underlying fund;
- (v) the Issuer has not provided and will not provide during the term of the Notes prospective purchasers of the Notes with any information or advice with respect to the performance of an underlying fund. The Issuer may have acquired, or during the term of the Notes may acquire, non-public information with respect to an underlying fund, which will not be provided to the Noteholders;
- (vi) the funds may follow a wide range of investment strategies, invest in assets in a number of different countries and invest in assets denominated in a number of different currencies. The returns to the Noteholders may, therefore, be materially affected by, among other things, market trends, exchange rate fluctuations and political and economic developments in the relevant countries. This may lead to substantial volatility in the net asset value of the funds;
- (vii) the funds may have investment strategies and guidelines that are very broad. They may also be free to engage in additional or alternative strategies without reference to any other person including the Issuer, the Guarantor and the Investor;
- (viii) the funds may often rely on a few individuals to determine their investment strategies and to make investment decision. The loss of such individuals could jeopardise the performance of the funds;



- (ix) the funds may be engaged in a high level of trading with commensurately high brokerage and transaction costs, as well as costs associated with leverage, such as interest payments and margin maintenance. Such costs will adversely affect the net asset value of the funds and so may adversely affect the return on the Notes;
- (x) the funds will be exposed to credit risks against brokers and other counterparties with which they deal in implementing their investment strategies;
- (xi) where underlying funds invest in unlisted shares and certain other assets, risks associated with reduced liquidity and lack of objective valuations will arise. Additionally, the underlying funds may invest in emerging markets. This involves risks attributable to nationalisations, expropriation or taxation, currency devaluation, foreign exchange control, political, social or diplomatic instability or governmental restrictions. The capital markets in such countries have substantially less volume, and are generally less liquid and more volatile, than those in more developed markets. Disclosure and regulatory requirements could be less stringent than in other markets, with a low level of monitoring and limited and uneven enforcements of existing regulations;
- (xii) an underlying fund may have no or a limited history, with no proven track record in achieving their stated investment objectives;
- (xiii) some or all of the underlying funds may be wholly unregulated investment vehicles and may trade in futures, options, forward exchange contracts and other derivative instruments, which may represent significant investment risks. In addition, underlying funds may acquire leveraged trading positions, including through the use of borrowing, and may engage in short selling. As a result of leverage, relatively small adverse price movements may result in substantial losses; and
- (xiv) an underlying fund itself may be subject to fees and charges on its investments which shall be borne by such fund and incorporated in the value of interests in it.

*Exposure to modification and disruption events*

Upon determining that Corporate Event, Substitution Event or certain other events have occurred in relation to Fund Linked Notes, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Fund Linked Notes (including replacing the affected fund by other funds) and/or (ii) cause early redemption/settlement of the Fund Linked Notes, any of which determinations may have an adverse effect on the value of the Fund Linked Notes.

In addition, any determination dates and payment dates may be changed by the Calculation Agent, or the amount paid per Fund Linked Note may be based on the only cash amounts that an investor in the fund would actually receive, which might be as low as zero.

*Risk from composition and changes to a fund*

The management company of a fund can, without regard to the interests of the investors in the Fund Linked Notes, add, delete or substitute any funds by reference to which the value of a fund is calculated or make other methodological changes that could change the investment profile of a fund. The management company may also determine to discontinue a fund. If a

fund is discontinued, it may be replaced by other assets and/or the Fund Linked Notes may be redeemed or exercised early.

In the event that a fund is materially modified or permanently cancelled or the management company fails to calculate or announce the net asset value of a fund, the Calculation Agent will either make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions of the Fund Linked Notes as the Calculation Agent determines appropriate to account for the effect on the Fund Linked Notes of such events, or may cause the early redemption of the Fund Linked Notes. Any of these decisions or determinations may adversely impact the value of the Fund Linked Notes.

*Funds may be subject to transfer restrictions and illiquidity*

Funds and the assets thereof may be subject to transfer restrictions arising by way of applicable securities laws or otherwise. Such restrictions may mean that purchasers of the Fund Linked Notes are not entitled to acquire interests in the funds directly. Holders of units or shares (however described) in a fund may have the right to transfer or withdraw their investment in the funds only at certain times and upon completion of certain documentary formalities and such rights may be subject to suspension or alteration. These circumstances may affect the net asset value of the funds in question. Potential investors should familiarise themselves with the features of the funds in this regard.

*Events which affect the value of a fund will affect the value of Fund Linked Notes*

The occurrence of any of the following events could materially and adversely affect the value of shares or units in a Fund, and have a consequent material and adverse effect on the value of Fund Linked Notes:

- *Valuation:* The valuation of funds is generally controlled by the management company of the fund. Valuations are performed in accordance the terms and conditions governing the fund. Such valuations may be based upon the unaudited financial records of the fund and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the fund and accounts. The fund may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable net asset values may be difficult to obtain. In consequence, the management company may vary certain quotations for such investments held by the fund in order to reflect its judgment as to the fair value thereof.

Therefore, valuations may be subject to subsequent adjustment upward or downward. Uncertainties as to the valuation of fund assets and/or accounts may have an adverse effect on the net asset value of the fund where such judgments regarding valuations prove to be incorrect.

- *Trading charges:* The performance of a fund will be affected by the charges incurred thereby relating to the investments of such fund. The fund may engage in short-term trading which may result in increased turnover and associated higher than normal brokerage commissions and other expenses.
- *Legal and regulatory changes:* Future changes to applicable law or regulation may be adverse to a fund.

- *Investment risk:* All investments risk the loss of capital and/or the diminution of investment returns. A fund may utilise (*inter alia*) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realizable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses.
- *Illiquidity:* A fund may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated.
- *Performance risk:* No assurance can be given relating to the present or future performance of a fund. The performance of a fund is dependent on the performance of the management company thereof. Certain management companies may utilise analytical models upon which investment decisions are based. No assurance can be given that these persons will succeed in meeting the investment objectives of the fund, that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which the funds have invested or will invest will prove accurate.
- *Effect of exchange rates and exchange controls:* The net asset value of a fund could be adversely affected not only by hedging costs and changes in exchange rates, but also by local exchange control regulations and other limitations, including currency exchange limitations and political and economic developments in the relevant countries.
- *Market risks:* The markets in which a fund invests may prove to be highly volatile from time to time as a result of, for example, sudden changes in government policies on taxation and currency repatriation or changes in legislation relating to the value of foreign ownership in companies, and this may affect the net asset value at which a fund may liquidate positions to meet repurchase requests or other funding requirements.
- *Hedging risks:* A fund may in certain cases employ various hedging techniques to reduce the risk of investment positions. A substantial risk remains, nonetheless, that such techniques will not always be available and when available, will not always be effective in limiting losses. A fund may take substantial unhedged positions.
- *Interest rate risks:* The values of securities held by a fund (or by any underlying fund) tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding net asset values of a fund's positions to move in directions which were not initially anticipated. To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose a fund to losses.
- *Absence of regulation:* A fund may not be regulated under the laws of any country or jurisdiction. As a result, certain protections of such laws (which, among other things, may require investment companies to have disinterested directors, require securities to be held in custody and segregated, regulate the relationship between the investment company and its adviser and mandate investor approval before fundamental investment policies may be changed) do not apply to a fund. This absence of regulation may adversely affect the performance of a fund.

- *Suspension of trading:* A securities exchange typically has the right to suspend or limit trading in any instrument traded on that exchange. A suspension could render it impossible for a fund to liquidate positions and thereby expose a fund to losses.
- *Dependence on key individuals:* The success of a fund is dependent on the expertise of its managers. The loss of one or more individuals could have a material adverse effect on the ability of a fund manager to direct a fund's portfolio, resulting in losses for a fund and a decline in the value of a fund. Indeed, certain fund managers may have only one principal, without whom the relevant fund manager could not continue to operate.
- *Experience of fund managers:* Certain funds may be managed by investment managers who have managed hedge funds for a relatively short period of time. The previous experience of such investment managers is typically in trading proprietary accounts of financial institutions or managing unhedged accounts of institutional asset managers or other investment firms. As such investment managers do not have direct experience in managing funds or hedge funds, including experience with financial, legal or regulatory considerations unique to fund management, and there is generally less information available on which to base an opinion of such managers' investment and management expertise, investments with such investment managers may be subject to greater risk and uncertainty than investments with more experienced fund managers.
- *Risk of fraud:* There is a risk that a fund manager could divert or abscond with the assets, fail to follow agreed-upon investment strategies, provide false reports of operations or engage in other misconduct.
- *Performance compensation payable to fund managers:* The performance-based compensation paid to a fund manager is typically calculated on a basis that includes unrealised appreciation and may consequently be greater than if such compensation were based solely on realised gains. Each fund generally calculates its own performance compensation based on its individual performance, irrespective of increases in the overall value of the fund. Furthermore, when the fund is rebalanced and an unprofitable underlying asset is removed, the loss carried forward by such fund's trading is eliminated for purposes of calculating subsequent performance compensation due to the fund manager of any replacement underlying asset. Thus, there may be substantial incentive compensation due to the relevant fund manager even during a period when the portfolio of assets is incurring significant losses.
- *Concentration risk:* As many hedge funds have the authority to concentrate their investments in securities of a single issuer or industry, the overall adverse impact on one or more components of the fund, and correspondingly on the value of the fund, of adverse movements in the value of such securities could be considerably greater than if the fund were not permitted to concentrate their investments. Moreover, a number of hedge funds included as components in a fund might accumulate substantial positions in the same or related instruments at the same time. As information regarding the actual investments made by such funds is not generally available, the management company will be unable to identify any such accumulations, which could expose the relevant fund to the risk of sudden and severe declines.
- *Risks of leverage:* A fund may borrow without limitation and typically utilise various lines of credit and other forms of leverage. In addition, certain of a fund's investment strategies (primarily those utilising derivative instruments) may involve indirect forms

of leverage. While leverage presents opportunities for increasing a fund's total return, it increases the potential risk of loss as well. Any event which adversely affects the value of an investment by a fund is magnified to the extent that such investment is leveraged. Leverage can have a similar effect on issuers in which a fund invests. The use of leverage by a fund could result in substantial losses which would be greater than if leverage had not been used. A fund's assets may be further leveraged or hedged by the use of derivatives. In addition, investments of a fund may include investments in partnerships and other pooled investment vehicles, which themselves employ leverage to a significant extent. Such investments are subject to the same leverage risks as described above and a fund could lose its entire investment. As a general matter, the banks and dealers that provide financing to a fund can apply essentially discretionary margin, haircut, financing and security and collateral valuation policies. Changes by banks and dealers in these policies may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous net asset values.

- *Non-deductible taxes:* As funds may be resident in so-called off-shore jurisdictions, which have not entered into any double taxation conventions with other countries, any income of such fund may be subject to taxation in the countries of origin. As such withholding taxes are non-deductible due to the fact that such funds are not subject to income taxation in their countries of residence, the fund's net income may be reduced which may have a negative impact on the performance of such fund.
- *Investment criteria:* It may be difficult to specify precisely or comprehensively the strategies of a fund. As a result, it may not sometimes be clear whether or not a fund fulfils the investment criteria set out in its offering document.
- *Risks of equity investments:* The investment orientation of a fund may be based to a significant extent on equity investments. Investment in equity securities to aggressively seek capital appreciation is speculative and is generally perceived to encompass greater risks than those involved in connection with an investment in debt securities of comparable issuers.
- *Risks of fixed income investments:* A fund may invest in fixed income securities and, therefore, may be exposed to the risk of default by the issuers of such securities. Such default may result in delays in payment, or non-payment of interest or principal when due. Furthermore, the net asset value of fixed income securities may also fluctuate with changes in prevailing interest rates and/or in the creditworthiness of the issuer, and these fluctuations may result in a loss of capital by a fund.
- *Risks of collective investment schemes:* Some funds may invest in other collective investment schemes. Investment in schemes of this type may afford the investor less transparency in respect of the ultimate assets of the scheme.
- *Large transactions:* Large subscriptions and redemptions may result in the liquidation or dilution of fund assets that may affect the net asset value of such fund.
- *Emerging markets:* A fund may invest in securities of governments of, or companies domiciled in, less-developed or emerging markets. See "*Risks relating to Notes which are linked to emerging market Reference Item(s)*" below. Custody arrangements in such countries may also present enhanced risk.

- *Risks of repos:* A fund may use repurchase agreements. Under a repurchase agreement, a security is sold to a buyer and at the same time the seller of the security agrees to buy back the security at a later date at a higher net asset value. In the event of a bankruptcy or other default of the transferor of securities in a repurchase agreement, a fund could experience delays in liquidating the underlying securities and losses, including possible declines in the value of the collateral during the period while it seeks to enforce its rights thereto; possible subnormal levels of income and lack of access to income during this period and the expenses of enforcing its rights. In the case of a default by the transferee of securities in a repurchase agreement, the management company bears the risk that the transferee may not deliver the securities when required.
- *Risks of currency speculation:* A fund may engage in exchange rate speculation. Foreign exchange rates have been highly volatile in recent years. The combination of volatility and leverage gives rise to the possibility of large profit but also carries a high risk of loss. In addition, there is counterparty credit risk since foreign exchange trading is done on a principal to principal basis.
- *Risks of commodity futures:* Commodity futures prices can be highly volatile. As a result of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Like other leveraged investments, futures transactions may result in losses in excess of the amount invested.
- *Risks of derivative instruments:* A fund may use derivative instruments, such as collateralised debt obligations, stripped mortgage-backed securities, options and swaps. There are uncertainties as to how the derivatives market will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. Substantial risks are also involved in borrowing and lending against such instruments. The prices of these instruments are volatile, market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the positions held by a fund, thereby causing substantial losses. Most of these instruments are not traded on exchanges but rather through an informal network of banks and dealers. These banks and dealers have no obligation to make markets in these instruments and may apply essentially discretionary margin and credit requirements (and thus, in effect, force a fund to close out its relevant positions). In addition, such instruments carry the additional risk of failure to perform by the counterparty to the transaction. Government policies, especially those of the U.S. Federal Reserve Board and non-U.S. central banks, have profound effects on interest and exchange rates which, in turn, affect prices of derivative instruments. Many other unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.
- *Risks of short selling:* A fund may sell securities short. Short selling exposes a fund to theoretically unlimited risk due to the lack of an upper limit on the price to which a security may rise. Short selling involves the sale of borrowed stock. If a stock loan is called, the short seller may be forced to repurchase the stock at a loss. In addition, some traders may attempt to profit by forcing short sellers to incur a loss. Traders may make large purchases of a stock that has been sold short. The large purchases are intended to drive up the stock price, and cause the short sellers to incur losses. By doing this, the

traders hope the short sellers will limit their losses by repurchasing the stock and force the stock price even higher.

- *Risks of arbitrage:* The use of arbitrage strategies by a fund in no respect should be taken to imply that such strategies are without risk. Substantial losses may be incurred on "hedge" or "arbitrage" positions, and illiquidity and default on one side of a position may effectively result in the position being transformed into an outright speculation. Every arbitrage strategy involves exposure to some second order risk of the market, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds or the net asset value spread between different classes of stock for the same underlying firm. Further, there are few examples of "pure" arbitrage funds. Most funds also employ limited directional strategies which expose them to market risk.
- *Credit risk:* Many of the markets in which a fund effects its transactions are "over-the-counter" or "inter-dealer" markets. The participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent that a fund invests in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, such fund may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterised by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from these protections, which in turn may subject a fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Such "counterparty risk" is increased for contracts with longer maturities when events may intervene to prevent settlement. The ability of a fund to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses.
- *Risks relating to controlling stakes:* A fund may take controlling stakes in companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of related liability.

*As the shares of certain funds may only be redeemable on certain dates, there is a risk of delays or defaults in payment*

The shares of a fund may only be redeemable on certain redemption dates, subject to the prescribed notice period in respect of such fund. This gives rise to a time delay between the execution of an order for redemption and payment of the proceeds on such redemption. If the fund becomes insolvent following the date on which a redemption order would have to be notionally placed or the Calculation Agent determines that the relevant fund would fail to pay to any shareholder in cash the full redemption proceeds owing to them if they redeemed their shares on the relevant date, an adjustment may be made by the Calculation Agent when calculating the return on the Fund Linked Notes to the net asset value per share of the relevant fund, thereby reducing the return on the Fund Linked Notes.

In the case of Fund Linked Notes linked to Exchange Traded Funds ("ETFs"), if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time, any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay settlement in respect of the Notes. Potential investors should review the relevant Terms and Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Fund Linked Notes.

The market price of Fund Linked Notes may be volatile and may depend on the time remaining to the redemption date or settlement date (as applicable) and the volatility of the price of fund share(s) or unit(s). The price of fund share(s) or unit(s) may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any units in the fund or funds may be traded.

(vii) *Credit Linked Notes*

*General*

The Issuer may issue Credit Linked Notes, which are securities whose performance is linked to the performance of one or more Reference Entities and the obligations of such Reference Entity/ies. An investment in Credit Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

Investors should note that Credit Linked Notes differ from ordinary debt securities issued by the Issuer in that the amount of principal and interest payable by the Issuer is dependent on whether a Credit Event has occurred in respect of the relevant Reference Entity/ies. In certain circumstances the Notes will cease to bear interest and the value paid to Noteholders on redemption may be less than their original investment and may in certain circumstances be zero. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in Credit Linked Notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation.

Investors in the Notes will be exposed to the credit risk of the Reference Entity. Prospective purchasers of the Notes should conduct their own investigations and, in deciding whether or not to purchase the Notes, should form their own views of the merits of an investment related to the Notes based upon such investigations. In particular, each investor contemplating purchasing any Notes should make its own appraisal of the Reference Entity. If in doubt, potential investors are strongly recommended to consult with their independent legal and financial advisers before making any investment decision. Neither the Issuer nor any other person on their behalf makes any representation or warranty, express or implied, as to the credit quality of the Reference Entity. The Issuer may have acquired, or during the term of the Notes may acquire, confidential information with respect to the Reference Entity and is not required to disclose this information to the Noteholder or any other party.

Holders of Credit Linked Notes will have a contractual relationship only with the Issuer and not with any obligor in respect of any Reference Obligation or any Reference Entity. Consequently, the Credit Linked Notes will not constitute a purchase or other acquisition or assignment of any interest in any Reference Obligation or any Reference Entity. Holders of Credit Linked Notes will have rights solely against the Issuer and will have no recourse against the obligor in respect of any Reference Obligation or any Reference Entity. The Noteholders



will not have any rights to acquire from the Issuer (or to require the Issuer) to transfer, assign or otherwise dispose of any interest in any Reference Obligation or any Reference Entity.

The Credit Linked Notes are linked to the creditworthiness of the relevant Reference Entity/ies. The likelihood of a Credit Event occurring in respect of any Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

Any quotations used in the calculation of the Cash Settlement Amount may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. The obligations selected, even absent a Credit Event, may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will impact on the amount by which the Cash Settlement Amount of the Notes may be reduced. The Calculation Agent will exercise its rights under the terms of the Notes, including, in particular, the right to designate a Credit Event and the right to select obligations of the affected Reference Entity for valuation or delivery, in the interests of itself and of its affiliates, and not in the interests of investors in the Notes. The Calculation Agent is entitled to select the obligation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation – for the purposes of calculating the amount by which the Cash Settlement Amount is reduced following a Credit Event.

The Calculation Agent may require a Noteholder to provide a confidentiality undertaking prior to the delivery of a Notice of Publicly Available Information (as defined and better described in Credit Linked Conditions), failing which the Notice of Publicly Available Information shall not be required to be delivered to the Noteholder. The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent shall (in the absence of manifest error) be final and binding on the Noteholders.

Some Reference Obligations may have no, or only a limited, trading market. The liquidity of Reference Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant Reference Entity/ies. The financial markets have experienced periods of volatility and reduced liquidity which may re-occur and reduce the market value of the relevant Reference Obligation(s).

Some or all of the Reference Obligations may also be subject to restrictions on transfer and may be considered illiquid. If a Credit Event occurs in respect of a Reference Entity, any resulting diminution in market value of the related Reference Obligation could be further magnified by reason of such limited liquidity for Reference Obligations generally or that Reference Obligation in particular.

Investors in the Credit Linked Notes will be exposed to the credit risk of the Reference Entity in respect of Credit Events which occur on or after the Credit Observation Date. Such date may precede the Issue Date. Prospective investors should note that while they may, therefore, have

exposure to Credit Events occurring prior to the Issue Date, they will not receive interest for any period prior to the Issue Date.

The terms and conditions of Credit Linked Notes do not incorporate by reference the definitions and provisions of the 2003 ISDA Credit Derivatives Definitions (the "**2003 Credit Derivatives Definitions**") or the 2014 ISDA Credit Derivatives Definitions (the "**2014 Credit Derivatives Definitions**") and, together with the 2003 Credit Derivatives Definitions, the "**Credit Derivatives Definitions**") and there may be differences between the definitions used with respect to Credit Linked Notes and the Credit Derivatives Definitions. Consequently, investing in the Credit Linked Notes is not exactly equivalent to investing in a credit default swap that incorporates the Credit Derivatives Definitions.

While ISDA has published and supplemented the Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit derivative market, the credit derivative market has evolved over time and is expected to continue to change. Consequently, the Credit Derivatives Definitions and the terms applied to credit derivatives, including credit linked securities, are subject to interpretation and further evolution. Past events have shown that the views of market participants may differ as to how the Credit Derivatives Definitions operate or should operate. As a result of the continued evolution in the market, interpretation of the Credit Linked Notes may differ in the future because of future market standards. Such a result may have a negative impact on the Credit Linked Notes. Future amendments or supplements to the terms applicable to credit derivatives generally will only apply to Credit Linked Notes that have already been issued if the Issuer and the Noteholders agree to amend the Credit Linked Notes to incorporate such amendments or supplements and other conditions to amending the Credit Linked Notes have been met.

Credit Derivatives Determinations Committees were established for the purposes of the Credit Derivatives Definitions to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. In making any determination the Issuer or the Calculation Agent may have regard to decisions made by announcements, determinations and resolutions made by ISDA and/or the ISDA Credit Derivatives Determinations Committees. Such announcements, determinations and resolutions could directly or indirectly affect the redemption and settlement of the Credit Linked Notes (including the quantum and timing of payments and/or deliveries on redemption). For the avoidance of doubt, neither the Issuer nor the Calculation Agent accept any liability to any person for any determinations, redemption, calculations and/or delay or suspension of payments and/or redemption of Credit Linked Notes resulting from or relating to announcements, publications, determinations and resolutions made by ISDA, the DC Secretary and/or any Credit Derivatives Determinations Committee. Further information about the Credit Derivatives Determinations Committee may be found at [www.isda.org/credit](http://www.isda.org/credit).

By subscribing for or purchasing Credit Linked Notes, each Noteholder shall be deemed to agree that (i) no DC Party and no legal counsel or other third-party professional hired by a DC Party in connection with such DC Party's performance of its respective duties under the DC Rules and/or any relevant Credit Derivatives Auction Settlement Terms, as applicable, shall be liable to Noteholders, and (ii) no DC Party and no legal counsel or other third-party professional hired by a DC Party in connection with such DC Party's performance of its respective duties under the DC Rules and/or any relevant Credit Derivatives Auction Settlement Terms is acting as fiduciary for, or as an advisor to, Noteholders.

If Auction Settlement is applicable in respect of any Credit Linked Note, then the amounts payable by and/or rights and obligations of the parties under such Credit Linked Note in respect of the relevant Reference Entity/ies or Reference Obligation(s), will (following the occurrence of a Credit Event Determination Date) be determined in accordance with the Auction Final Price(s). The Noteholder takes the risk that where the Auction Final Price is used, this may result in a lower recovery value than a Reference Entity or Reference Obligation would have if such Auction Final Price had not been used. Also, the relevant Issuer may have a conflict of interest to the extent that it, or one of its affiliates, participates in any auction or other process used to determine the Auction Final Price and is under no obligation to consider the interests of Noteholders when so acting.

Please refer to the "Definitions" section at the end of the section headed "General Terms for Credit Linked Notes" for defined terms used above.

#### *Increased risk in respect of Tranche Notes*

In respect of Tranche Notes, as soon as the aggregate of the Loss Amount for all Reference Entities subject to a Credit Event exceeds the Tranche Subordination Amount, the greater the number of Reference Entities subject to a Credit Event, the lower the Final Redemption Amount will be.

#### *Fixed Recovery*

Where Fixed Recovery is specified in the related Final Terms, the terms of Credit Linked Notes provide that the Final Value of a Reference Entity in respect of which a Credit Event Determination Date has occurred will be equal to the fixed percentage specified in the related Final Terms (including in particular where such fixed percentage is equal to zero).

This percentage may be lower than the recovery value, which would have been determined by reference to prices quoted by market participants in respect of such Reference Entity. Such recovery values may vary from zero per cent. to one hundred per cent.. In particular, this percentage may be lower than the recovery value which would have been determined using an auction valuation method usually organised on the credit derivatives market, such as the Auction Final Price determined further to the relevant Credit Derivatives Auction Settlement Terms published by ISDA or the quotations obtained from Quotation Dealers (if Floating Recovery was specified in the applicable Final Terms).

Noteholders will not benefit from any recovery value determined by reference to prices quoted by market participants in respect of such a Reference Entity and are therefore exposed to the risk that the loss resulting from such fixed percentage be significantly bigger than the loss which would have resulted from referring to the recovery value determined by reference to prices quoted by market participants in relation to any such Reference Entity.

If the Fixed Recovery is equal to one hundred per cent., the Notes may be redeemed at par at the Maturity Date which may be later than the Scheduled Maturity Date.

#### *Floating Recovery*

Where Floating Recovery is specified in the related Final Terms, the terms of the Credit Linked Notes provide that the Calculation Agent will, depending on the election mentioned in the related Final Terms, determine the Final Value either by obtaining quotations from Quotation

Dealers in respect of Selected Obligation(s) or by reference to Transaction Auction Settlement Terms (unless no Auction Final Price is available following any relevant Transaction Auction Settlement Terms in which case the Calculation Agent will determine the Final Value in respect of Selected Obligation(s) by obtaining quotations from Quotation Dealers). In this regard, investors should note that: (i) the Final Value as determined by reference to Transaction Auction Settlement Terms may differ from the Final Value determined otherwise and a lower Final Value will typically reduce the amount payable to Noteholders upon redemption of the Notes; and (ii) the Calculation Agent may have a conflict of interest as further described in the paragraph "*Conflicts of Interest*" below.

If Transaction Auction Settlement Terms are not published within a certain period and if it is not possible to obtain quotations from Quotation Dealers for the Selected Obligations within a further period, the Final Value of the Selected Obligations will be deemed to be zero and therefore the Cash Settlement Amount will be equal to zero. In addition, the above-mentioned periods between Credit Event and valuation may amount to as many as 180 Business Days following the date on which the existence of a Credit Event is established, therefore, settlement, or as the case may be, notice that no amount is due under the Credit Linked Notes, may occur several months after the relevant Credit Event on a date which may be much later than the Scheduled Maturity Date of the Notes.

Where Quotation Dealer is applicable, factors affecting the Quotations Dealers may have a negative impact on the quotations obtained from Quotation Dealers (which may be lower than the value of the relevant obligations) and may as a result adversely affect the Cash Settlement Amount. The Cash Settlement Amount may be equal to zero if it is not possible to obtain quotations from Quotation Dealers for the selected obligations.

#### *(viii) Inflation Linked Notes*

##### *General*

The Issuer may issue Inflation Linked Notes, which are securities whose performance is linked to the performance of one or more rates of inflation. An investment in Inflation Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

A relevant consumer price index or other formula linked to a measure of inflation to which the Notes are linked may be subject to significant and unforeseeable fluctuations that may not correlate with general changes in interest rates, currencies or other indices. The timing of changes in the relevant consumer price index or other formula linked to a measure of inflation to which the Notes are linked may affect the amount that investors in Inflation Linked Notes receive, even if the average level is consistent with their expectations.

A relevant consumer price index or other formula linked to a measure of inflation to which the Inflation Linked Notes are linked is only one measure of inflation for the relevant jurisdiction and may not correlate perfectly with the rate of inflation experienced by holders of the relevant Inflation Linked Notes in such jurisdiction.

##### *Exposure to modification and disruption events*

Upon determining that certain events have occurred in relation to Inflation Linked Notes, the Calculation Agent has broad discretion to make certain determinations to account for such

events including to (i) make adjustments to the terms of the Inflation Linked Notes (including replacing the affected relevant consumer price index or other formula by another consumer price index or formula) and/or (ii) cause the early redemption/settlement of the Inflation Linked Notes, any of which determinations may have an adverse effect on the value of the Inflation Linked Notes.

*(ix) Commodity Linked Notes*

*General*

The Issuer may issue Commodity Linked Notes, which are securities whose performance is linked to the performance of a commodity (or basket of commodities). An investment in Commodity Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

*Ownership of the Commodity Linked Notes will not entitle an investor to any rights with respect to any futures contracts or commodities included in or tracked by the Reference Item(s)*

An investor will not own or have any beneficial or other legal interest in, and will not be entitled to any rights with respect to, any of the commodities or commodity futures included in such Reference Item(s). Neither the relevant Issuer nor the Guarantor will invest in any of the commodities or commodity futures contracts included in such Reference Item(s) on behalf or for the benefit of the Holders.

*Factors affecting the performance of Commodities may adversely affect the value of the relevant Commodity Linked Notes; Commodity prices may be more volatile than other asset classes*

The prices of commodities may be volatile and may fluctuate substantially if, for example, natural disasters or catastrophes, such as hurricanes, fires, or earthquakes, affect the supply or production of such commodities. Commodity prices also fluctuate due to general macro-economic forces and general market movements. The price of commodities may also fluctuate substantially if conflict or war affects the supply or production of such commodities. If any amount payable in respect of a Commodity Linked Note is linked to the price of a commodity, any change in the price of such commodity may result in the reduction of the amount of such payment in respect of a Commodity Linked Note. The reduction in the amount payable on the redemption/settlement of the Commodity Linked Note may result, in some cases, in a holder receiving a smaller sum on redemption/settlement of the Commodity Linked Note than the amount originally invested in such Commodity Linked Note.

*Commodities may reference physical commodities or commodity contracts, and certain commodity contracts may be traded on unregulated or "under-regulated" exchanges*

Commodities comprise both (i) "physical" commodities, which need to be stored and transported, and which are generally traded at a "spot" price, and (ii) commodity contracts, which are agreements either to (a) buy or sell a set amount of an underlying physical commodity at a predetermined price and delivery period (which may be referred to as a delivery month), or to (b) make and receive a cash payment based on changes in the price of the underlying physical commodity.

Commodity contracts may be traded on regulated specialised futures exchanges (such as futures contracts). Commodity contracts may also be traded directly between market participants "over-the-counter" on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. Accordingly, trading in such "over-the-counter" contracts may not be subject to the same provisions as, and the protections afforded to, contracts traded on regulated specialised futures exchanges, and there may therefore be additional risks related to the liquidity and price histories of the relevant contracts and any Commodity Linked Notes which reference any such commodity contracts may have reduced liquidity or greater price volatility or be subject to more extensive market disruptions.

*Commodity Linked Notes which are linked to commodity futures contracts may provide a different return from Commodity Linked Notes linked to the relevant physical commodity and will have certain other risks*

The price of a futures contract on a commodity will generally be at a premium or at a discount to the spot price of the underlying commodity. This discrepancy is due to such factors as (i) the need to adjust the spot price due to related expenses (e.g. warehousing, transport and insurance costs) and (ii) different methods being used to evaluate general factors affecting the spot and the futures markets. In addition, and depending on the commodity, there can be significant differences in the liquidity of the spot and the futures markets. Accordingly, Commodity Linked Notes which are linked to commodity futures contracts may provide a different return from Commodity Linked Notes linked to the relevant physical commodity.

Investments in futures contracts involve certain other risks, including potential illiquidity. A holder of a futures position may find that such position becomes illiquid because certain commodity exchanges limit fluctuations in such futures contract prices pursuant to "daily limits". Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in the contract can neither be taken nor liquidated unless holders are willing to effect trades at or within the limit. This could prevent a holder from promptly liquidating unfavorable positions and subject it to substantial losses. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Any such losses in such circumstances could have a negative adverse effect on the return of any Commodity Linked Notes the Reference Item of which is the affected futures contract. There can be no assurance that any such disruption or any other force majeure (such as an act of God, fire, flood, severe weather conditions, act of governmental authority or a labour dispute or shortage) will not have an adverse affect on the value of or trading in the Reference Item(s), or the manner in which it is calculated, and therefore, the value of the Commodity Linked Notes.

In the case of a direct investment in commodity futures contracts, the invested capital may be applied in whole or in part by way of collateral in respect of the future claims of the respective counterparties under the commodity futures contracts. Such capital will generally bear interest, and the interest yield will increase the return of the investor making such direct investment. However, holders of Commodity Linked Notes linked to the price of commodity futures contracts do not participate in such interest yields from the hypothetical fully collateralised investment in commodity futures contracts.

*Additional risks in relation to the "rolling" of commodity futures contracts (including commodity futures contracts which are components of a commodity index)*

Commodity contracts have a predetermined expiration date, which is the date on which trading of the commodity contract ceases. Holding a commodity contract until expiration will result in delivery of the underlying physical commodity or the requirement to make or receive a cash settlement. Alternatively, "*rolling*" the commodity contracts means that the commodity contracts that are nearing expiration (the "**near-dated commodity contracts**") are sold before they expire and commodity contracts that have an expiration date further in the future (the "**longer-dated commodity contracts**") are purchased.

Investments in commodities apply "*rolling*" of the component commodity contracts in order to maintain an ongoing exposure to such commodities.

"Rolling" can affect the value of an investment in commodities in a number of ways, including:

- (a) The investment in commodity contracts may be increased or decreased through "*rolling*": Where the price of a near-dated commodity contract is greater than the price of the longer-dated commodity contract (the commodity is said to be in "*backwardation*"), then "*rolling*" from the former to the latter will result in exposure to a greater number of the longer-dated commodity contract being taken. Therefore, any loss or gain on the new positions for a given movement in the prices of the commodity contract will be greater than if one had synthetically held the same number of commodity contracts as before the "*roll*". Conversely, where the price of the near-dated commodity contract is lower than the price of the longer-dated commodity contract (the commodity is said to be in "*contango*"), then "*rolling*" will result in exposure to a smaller number of the longer dated commodity contract being taken. Therefore, any gain or loss on the new positions for a given movement in the prices of the commodity contract will be less than if one had synthetically held the same number of commodity contracts as before the "*roll*".
- (b) Where a commodity contract is in contango (or, alternatively, backwardation) such may be expected to (though it may not) have a negative (or, alternatively, positive) effect over time: Where a commodity contract is in "*contango*", then the price of the longer-dated commodity contract will generally be expected to (but may not) decrease over time as it nears expiry. In such event, rolling is generally expected to have a negative effect on an investment in the commodity contract. Where a commodity contract is in "*backwardation*", then the price of the longer-dated commodity contract will generally be expected to (but may not) increase over time as it nears expiry. In such event, the investment in the relevant commodity contract can generally be expected to be positively affected.

Commodity indices are indices which track the performance of a basket of commodity contracts on certain commodities, depending on the particular index. The weighting of the respective commodities included in a commodity index will depend on the particular index, and is generally described in the relevant index rules of the index. Commodity indices apply "*rolling*" of the component commodity contracts in order to maintain an ongoing exposure to such commodities. Specifically, as a commodity contract is required to be rolled pursuant to the relevant index rules, the commodity index is calculated as if exposure to the commodity contract was liquidated and exposure was taken to another (generally longer-dated) commodity contract for an equivalent exposure. Accordingly, the same effects as described above with regard to "*rolling*" on the value of a commodity Reference Item also apply with regard to the index level of a commodity index.

*Legal and regulatory changes relating to the commodities may lead to an early redemption*

Commodities are subject to legal and regulatory regimes that may change in ways that could affect the ability of the relevant Issuer and/or any entities acting on behalf of the relevant Issuer engaged in any underlying or hedging transactions in respect of the relevant Issuer's obligations in relation to the Commodity Linked Notes to hedge the relevant Issuer's obligations under the Commodity Linked Notes, and/or could lead to the early redemption/settlement of the Commodity Linked Notes.

Commodities are subject to legal and regulatory regimes in the United States and, in some cases, in other countries that may change in ways that could negatively affect the value of the Commodity Linked Notes. For example, the U.S. Congress is considering legislation intended to decrease speculation and increase transparency in the commodities markets. If enacted, such legislation may, among other things, require the U.S. Commodity Futures Trading Commission ("CFTC") or exchanges to adopt rules establishing position limits on positions in commodity futures contracts. Such legislation could have an unpredictable impact on the value of any Commodity Linked Notes. In addition, if the commodities are traded on a non- U.S. exchange, those foreign markets may be more susceptible to disruption than U.S. exchanges due to the lack of a government-regulated clearinghouse system and may be subject to exchange controls, expropriation, burdensome or confiscatory taxation, or moratoriums and political or diplomatic events.

(x) *FX Linked Notes*

*General*

The Issuer may issue FX Linked Notes, which are securities whose performance is linked to the performance of a foreign exchange rate and such Notes do not have a "quanto" feature (*i.e.* feature that hedges the currency risk). An investment in FX Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

The foreign exchange rate(s) to which the Notes are linked will affect the nature and value of the investment return on the FX Linked Notes (or any other Notes which expose the investor to foreign exchange risks). Investors should be aware that foreign exchange rates are, and have been, highly volatile and determined by supply and demand for currencies in the international foreign exchange markets. These markets are subject to international and domestic political factors, economic factors (including inflation rates in the country concerned), currency convertibility, speculation and measures taken by government and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a Relevant Currency which would affect the return on the FX Linked Note or ability of the Issuer to make delivery in the Relevant Currency.

*Exposure to modification and disruption events*

Upon determining that certain events have occurred in relation to FX Linked Notes, the Calculation Agent has broad discretion to make certain determinations to account for such events including to (i) calculate the relevant spot rate of exchange on other days and using other methods or price sources (ii) make adjustments to the terms of the FX Linked Notes (including, where applicable, replacing an affected currency and/or exchange rate with another currency



and/or exchange rate) and/or (iii) cause the early redemption/settlement of the FX Linked Notes, any of which determinations may have an adverse effect on the value of the FX Linked Notes.

*(xi) Debt Linked Notes*

*General*

An investment in Debt Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate debt security. An investment in a Debt Linked Note may not provide the same level of return as a direct investment in the underlying Debt Instrument.

*Exposure to modification and disruption events*

In certain circumstances, the Calculation Agent has broad discretion to make certain determinations and adjustments, to replace the original Debt Instrument with another and/or to cause early redemption/settlement of the Notes, any of which may be adverse to Noteholders. The Calculation Agent may determine that the consequence of any such event is to make adjustments to the Notes, or to replace the original Debt Instrument with another or to cause early redemption/ settlement of the Debt Linked Notes. The consequences of such amendments could adversely affect the market value of the Debt Linked Notes.

*(xii) Interest Rate Linked Notes*

*General*

An investment in Interest Rate Linked Notes will entail significant risks not associated with a conventional fixed rate or floating rate or yield of debt security. An investment in an Interest Rate Linked Note may not provide the same level of return as a direct investment in the underlying Interest Rate.

*Factors affecting the value of the Interest Rate Linked Notes*

An investment in Interest Rate Linked Notes may bear similar market risks to a direct interest rate investment and potential investors should take advice accordingly.

Potential investors in any such Notes should be aware that, depending on the terms of the Reference Item (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose a substantial portion of their investment. In addition, movements in interest rates or yields may be subject to significant fluctuations that may not correlate with changes in other indices and the timing of changes in the interest rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in interest rates, the greater the effect on yield.

Interest rates and yields are determined by various factors which are influenced by macro economic, political or financial factors, speculation and central bank and government intervention. In recent years, interest rates have been relatively low and stable, but this may not continue and interest rates may rise and/or become volatile. Fluctuations that have occurred in any interest rate in the past are not necessarily indicative, however, of fluctuation that may

occur in the rate during the term of any Note. Fluctuations in interest rates and yields will affect the value of Interest Rate Linked Notes.

If the amount of principal and/or interest payable are dependent upon movements in interest rates or yields and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the interest rates or yields on principal or interest payable will be magnified.

The market price of Interest Rate Linked Notes may be volatile and, if the amount of principal and/or interest payable is dependent upon movements in interest rates or yields, may depend upon the time remaining to the redemption date and the volatility of interest rates. Movements in interest rates or yields may be dependent upon economic, financial and political events in one or more jurisdictions.

*(xiii) Risks relating to Notes which are linked to emerging market Reference Item(s)*

Where the terms and conditions of the Notes reference one or more emerging market Reference Item(s), investors in such Notes should be aware that the political and economic situation in countries with emerging economies or stock markets may be undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristics of more developed countries, including a significant risk of currency value fluctuation. Such instability may result from, among other things, authoritarian governments, or military involvement in political and economic decision-making, including changes or attempted changes in governments through extra constitutional means; popular unrest associated with demands for improved political, economic or social conditions; internal insurgencies; hostile relations with neighboring countries; and ethnic, religious and racial disaffections or conflict. Certain of such countries may have in the past failed to recognise private property rights and have at times nationalised or expropriated the assets of private companies. As a result, the risks from investing in those countries, including the risks of nationalisation or expropriation of assets, may be heightened. In addition, unanticipated political or social developments may affect the values of a Reference Item investment in those countries. The small size and inexperience of the securities markets in certain countries and the limited volume of trading in securities may make the emerging market Reference Item(s) illiquid and more volatile than investments in more established markets. There may be little financial or accounting information available with respect to local issuers, and as a result it may be difficult to assess the value or prospects of the Reference Item(s).

*(xiv) Notes providing for the application of a cap to the Reference Item(s)*

The Notes may provide for the application of a maximum return payable or deliverable to investors or of a maximum value or level to the relevant Reference Item(s) known as a "cap".

In such case, the amounts payable or deliverable to investors will be subject to the pre-determined maximum. If the relevant Reference Item(s) out-performs the pre-determined maximum, this will not be taken into consideration when calculating the amount payable or deliverable in respect of the Notes.

*(xv) Application of multipliers to Floating Rate*

To the extent that Multiplier or Reference Rate Multiplier applies in respect of the determination of the Interest Rate for the Notes, investors should be aware that any fluctuation

of the underlying floating rate will be amplified by such multiplier. Where the Multiplier is less than 1, this may adversely affect the return on the Notes.

*(xvi) Maximum/Minimum Interest Rate*

Potential investors should also consider that, with respect to the Notes providing for a Floating Rate, where the underlying interest rate does not rise above the level of the Minimum Interest Rate, comparable investments in notes which pay interest based on a fixed rate which is higher than the Minimum Interest Rate are likely to be more attractive to potential investors than an investment in the Notes. Under those conditions, investors in the Notes might find it difficult to sell their Notes on the secondary market (if any) or might only be able to realise the Notes at a price which may be substantially lower than the nominal amount.

To the extent a Maximum Interest Rate applies, investors should be aware that the Interest Rate is capped at such Maximum Interest Rate level. Consequently, investors may not participate in any increase of market interest rates, which may also negatively affect the market value of the Notes.

*(xvii) Risk relating to Dual Currency Notes*

The Issuer may issue Dual Currency Interest Notes and/or Dual Currency Redemption Notes (together, **Dual Currency Notes**) where the interest and/or principal is payable in one or more currencies which may be different from the currency in which the Notes are denominated. An investment in Dual Currency Notes will entail significant risks not associated with a conventional debt security.

Currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations.

Fluctuations in exchange rates of the relevant currency may affect the value of Dual Currency Notes.

Furthermore, investors who intend to convert gains or losses from the exercise, redemption or sale of Dual Currency Notes into their home currency may be affected by fluctuations in exchange rates between their home currency and the Payment Currency of the Notes. Currency values related to exchange rates may be affected by complex political and economic factors, including governmental action to fix or support the value of currency/currencies, regardless of other market forces.

*(xviii) Risk relating to Range Accrual Notes*

If the Notes include a range accrual feature, interest will only be paid if the level, price or other applicable value of the underlying asset(s) on the relevant valuation date(s) falls within a specific range. It is possible that such level, price or other applicable value of the underlying asset(s) on the relevant valuation date(s) will not be within and/or out of the range, depending on the specific payoff, during the relevant interest period, and, therefore, no interest will be payable on the relevant interest payment date. This means that the amount of interest payable to you over the term of the Notes may vary and may be zero.

*(xix) Risk relating to Bonus Factor*

If the applicable Final Terms in respect of any Note indicates that the Bonus Factor applies, investor should note that the Bonus Factor will increase the positive return deriving from the performance of the underlying assets and, as such, will determine the potential return of the Bonus Notes.

*(xx) Risk relating to the Bonus Stop (European) and the Bonus Stop (American)*

The Bonus Stop (European) occurs in relation to an underlying asset when the relevant final reference level is lower than the Bonus Level on an observation date. On the other hand, the Bonus Stop (American) occurs in relation to an underlying asset when the relevant final reference level is lower than the Bonus Level at any time during the observation period. In both cases, potential investors should consider that the closer the Bonus Level is to the initial reference level of the underlying asset, the greater is the possibility that potential investors will not benefit of the predetermined minimum return linked to value of such underlying asset. Consequently, the investor is exposed to both the performance of the underlying asset and the risk of total or partial lost to the investment.

Furthermore, investors should note that the occurrence of a Bonus Stop (European) or a Bonus Stop (American) will also depend on the volatility of the underlying asset *i.e.* the more frequent and intense the fluctuation in the value of the underlying asset during the life of the Notes are, the higher the volatility will be and the greater chance that the value of the underlying asset will reach the Bonus Level and, therefore, that a Bonus Stop (European) or a Bonus Stop (American) will occur.

*(xxi) Risk associated to the early redemption in case of Autocallable*

If the applicable Final Terms in respect of any Note indicates that the Autocallable provisions apply, Notes provide for an automatic early redemption if, on certain dates, the settlement price of the underlying asset is higher than a certain level (the "**Autocallable Strike Level**"). In such cases, investors should be aware that they may not be able to reinvest the proceeds arising from the early redemption in order to obtain an actual return equal to the one that would have been applied to the redeemed Notes. Potential investors should take into account the risk of reinvestment in light of the investment options which are available at that moment on the market.

*(xxii) Risk relating to Airbag structure provision*

If the applicable Final Terms in respect of any Notes indicates that Airbag provision applies, investors should note that they might suffer a partial or a total loss of their investment depending on both the occurrence of an Airbag Event and the level of protection granted by the Issuer with the Airbag Factor.

In particular: (i) an Airbag Event occurs in relation to an underlying asset when the relevant settlement price is lower than the Airbag Level on an observation date or at any time during an observation period; and (ii) an Airbag Factor represents the level or protection granted to the principal amount invested.

Specifically, if the final reference level of the underlying asset is lower than the relevant initial reference level but greater than the Airbag Level, then the Settlement Price will be equal to the principal amount invested. Conversely, if the final reference level of the underlying asset is lower than the Airbag Level, the investors will suffer a partial (but less than a negative

performance of the underlying) or a total loss of the investment, depending on the level of the Airbag Factor.

Furthermore, it should be noted that the occurrence of an Airbag Event will also depend on the volatility of the underlying asset during the life of the Notes are, the higher the volatility will be the greater the chance than the Airbag Event occurs (*i.e.* that the value of the underlying asset will reach the Airbag Level).

*(xxiii) Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*(xxiv) No gross up on withholding tax*

To the extent that the Issuer is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy or the Grand Duchy of Luxembourg (as appropriate), the Issuer may not be under an obligation to pay any additional amounts to Noteholders.

*(xxv) Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes.

At those times, an investor generally would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

*(xxvi) Redemption for tax reasons*

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer (i) would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Luxembourg or Italy (as appropriate) or any political subdivision thereof or any authority therein or thereof having power to tax or (ii) would become subject to more than a *de minimis* additional amount of taxes due to limitation to the deductibility of payments under any Notes (**provided that**, with respect to Mediobanca, any additional amount of national income taxes arising from a limitation of the deductibility of interest payments exceeding the 4% percentage set forth, as at the date of this Base Prospectus, in Article 96, paragraph 5-bis of Decree No. 917, would be considered as exceeding the aforesaid *de minimis* additional amount, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest

the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

In addition, pursuant to Article 1, paragraph 67 of the Law No. 208 of 28 December 2015 (the "**Stability Law for 2016**"), as from 2017 the limitation of the deductibility of interest payments set out under Article 96, paragraph 5-bis of Decree No. 917 shall apply to insurance companies and parent companies of insurance groups only.

*(xxvii) Redemption upon the occurrence of an Interest Barrier Event or a Redemption Barrier Event or an Automatic Early Redemption*

In certain circumstances, if the value of the underlying Reference Item reaches certain levels, the relevant Notes may (in the case of the occurrence of an Interest Barrier Event or of an Automatic Early Redemption Event) cease to bear interest and, if applicable, may be redeemed early.

At those times, an investor generally would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

*(xxviii) Disrupted Days*

The Specific Terms and Conditions for a series of Notes may contain provisions which provide for the postponement of certain days on which the value of the underlying Reference Item is determined to the extent that such days are Disrupted Days. In such circumstances, the relevant Interest Payment Date, Maturity Date or other date on which an amount may be paid in respect of such Notes may be delayed by up to three Business Days following the date to which the original date is postponed in accordance with the relevant Specific Terms and Conditions. No additional amounts shall be payable in respect of such postponement of any payment of any amount in respect of the Notes.

*(xxix) Risk relating to Notes that include an option for the Issuer to switch the method for the calculation of interest*

Notes may bear interest at a rate that the Issuer may elect to convert, for example from a structured rate to a floating rate, or from a structured rate to a fixed rate and so forth. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing.

**(C) Risks related to the Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally.

*(i) Certain Factors Affecting the Value and Trading Price of Notes*

The Final Redemption Amount (in the case of Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes or FX Linked Notes) or the value of the Entitlement (in the case of Physical Delivery Notes) at any time prior to maturity is typically expected to be less than the trading price of such Notes at that time. The difference between the trading price and the Final Redemption Amount or the value of the Entitlement,

as the case may be, will reflect, among other things, a "time value" for the Notes. The "time value" of the Notes will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Reference Item. Notes offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Reference Item, as well as by a number of other interrelated factors, including those specified herein.

Before selling Notes, holders should carefully consider, among other things, (i) the trading price of the Notes, (ii) the value and volatility of the share (or basket of shares), the index (or basket of indices), the fund (or basket of funds), the price of credit protection in relation to the relevant reference entity or entities, the rate of inflation, the commodity (or basket of commodities) or the exchange rate that is specified in the applicable Final Terms as being the relevant Reference Item(s), (iii) the time remaining to maturity, (iv) in the case of Notes which are not Physical Delivery Notes, the probable range of Final Redemption Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the share (or basket of shares), the index (or basket of indices), the fund (or basket of funds), the price of credit protection in relation to the relevant reference entity or entities, the rate of inflation, the commodity (or basket of commodities) or the exchange rate that is specified in the applicable Final Terms as being the relevant Reference Item(s) and (viii) any related transaction costs.

*(ii) Certain Considerations Regarding Hedging*

Prospective purchasers intending to purchase Notes to hedge against the market risk associated with investing in a share (or basket of shares), an index, a fund (or basket of funds), an obligation of the relevant reference entity or entities, the rate of inflation, a commodity (or basket of commodities) or an exchange rate that is specified in the applicable Final Terms as being the Reference Item(s), should recognise the complexities of utilising Notes in this manner. For example, the value of the Notes may not exactly correlate with the value of the relevant Reference Item(s). Due to fluctuating supply and demand for the Notes, there is no assurance that their value will correlate with movements of the relevant Reference Item(s). For these reasons, among others, it may not be possible to purchase or liquidate Notes in a portfolio at the prices used to calculate the value of any relevant Reference Item(s).

The Issuer and/or any of its respective Affiliates or agents may from time to time hedge the Issuer's obligations under Notes (and under other instruments and OTC contracts issued by or entered into from time to time by the Issuer and/or any of its respective Affiliates or agents relating to such securities) by taking positions, directly or indirectly, in the relevant Reference Item(s). Although the Issuer has no reason to believe that such hedging activities will have a material impact on the price of the relevant Reference Item(s), there can be no assurance that such hedging activities will not adversely affect the value of the Notes.

*(iii) Participation factor*

If the relevant Final Terms specify a Credit Participation Factor or Participation Factor or Interest Participation Factor as applicable, determination of amounts due under the Notes may be subject, *inter alia*, to a participation factor. In such circumstances, the relevant calculation will not be made only by reference to the value of the relevant underlying and the application of such feature may result in the calculation being subject to increasing or decreasing the amount that would otherwise have been calculated had no such feature been applicable. Movements in the value of the relevant underlying will be magnified where a participation

factor applies and may therefore result in greater gains or losses than if no participation rate applied.

*(iv) Change of law*

Unless otherwise provided in the Final Terms, the Terms and Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, except for the status provisions applicable to the Notes and the contractual recognition of bail-in powers provisions, and any non contractual obligations arising out of or in connection with such provisions, which shall be governed by, and construed in accordance with, Italian law (if the Notes are issued by Mediobanca) or Luxembourgish law (if the Notes are issued by Mediobanca International), as applicable. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law (when applicable), or administrative practice after the date of this Base Prospectus.

*(v) Procedures of clearing systems*

Unless otherwise provided in the relevant Final Terms, Notes issued under the Programme may be represented by one or more Global Notes and such Global Notes will be deposited with a common depositary or (where applicable) common safekeeper for Euroclear and Clearstream Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system provided in the relevant Final Terms will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system. While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or common safekeeper for Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system to appoint appropriate proxies.

*(vi) Modification*

The Issuing and Paying Agency Agreement contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Base Conditions of the Notes contained in Chapter 2 also provide that the Issuer and the Guarantor may, without the consent of Noteholders, correct (i) any manifest error in the Terms and Conditions of the Notes and/or in the relevant Final Terms, (ii) any error of a formal, minor or technical nature in the Terms and Conditions of the Notes and/or in the relevant Final Terms or (iii) any inconsistency in the Terms and Conditions of the Notes and/or in the relevant Final Terms between the Terms and Conditions of the Notes and/or the relevant Final Terms and any



other documents prepared in connection with the issue and/or offer of a Series of Notes (provided such correction is not materially prejudicial to the holders of the relevant Series of Notes). In addition, pursuant to Base Condition 3(q) (*Benchmark replacement*) and Condition (r) (*U.S. dollar LIBOR replacement*), certain changes may be made to the interest calculation provisions of the Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders. Any such correction shall be binding on the holders of the relevant Notes and the Issuer and the Guarantor (if applicable) shall cause such correction to be notified to the holders of the Notes as soon as practicable thereafter pursuant to Base Condition 12 (*Notices*) of the Notes.

(vii) *Conflict of Interest*

The Issuer(s) may act in a number of capacities in respect of Notes issued under the Programme including, without limitation, Dealer and Calculation Agent and/or index sponsor. Such functions can allow the Issuer(s) to determine the composition of the underlying or to calculate its value, which could raise conflicts of interest where notes or other assets issued by the Issuer itself or a group company can be chosen to be part of the underlying, or where the Issuer maintains a business relationship with the issuer of such notes or assets. The Issuer(s) acting in such capacities in connection with such Notes shall have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity.

As the Calculation Agent will generally be the Issuer(s), potential conflicts of interest may exist between the Calculation Agent and the investors, including with respect to the exercise of the very broad, discretionary powers of the Calculation Agent. For example, the Calculation Agent has the authority (i) to determine whether certain specified events and/or matters so specified in the conditions relating to a Series of Notes have occurred and (ii) to determine any resulting adjustments and calculations or substitutions as described in such conditions. Potential investors should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Notes. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest error) shall be binding on the relevant Issuer and all investors.

The Issuer(s) may in the ordinary course of business: (i) effect transactions for its own account or for the account of its customers and hold long or short positions in the underlying asset(s) or related derivatives; (ii) in connection with an offering of Notes, enter into one or more hedging transactions with respect to the underlying assets(s) or related derivatives; and/or (iii) in connection with such hedging or market-making activities or with respect to proprietary or other trading activities, enter into transactions in the underlying asset(s) or related derivatives which may adversely (or positively) affect the price, liquidity or value of the relevant Notes and which could therefore be adverse to the interests of the relevant holders. The value of the Notes might in particular be affected by the liquidation of all or a portion of the hedging positions (i) at or about the time of the maturity or expiration of the Notes.

In particular, the Issuer, or an agent on its behalf, may act as market-maker for the Notes. In such market-making, the Issuer or its agent will, to a large extent, determine the price of the Notes itself. The prices quoted by such market-maker will usually not correspond to the prices which would have formed without such market-making and in a liquid market.

Circumstances taken into account by the market-maker when setting the quoted bid-offer prices in the secondary market notably include the Notes' fair value, which, among other things, depends on the value of the Underlying, as well as a certain bid-offer spread targeted by the market-maker. Furthermore, the prices quoted in the secondary market will be influenced by dividends paid or received by the Underlying, or its constituents, or other proceeds which, due to the Notes' design, are economically attributable to the Issuer.

Furthermore, the Issuer may, in certain cases, act as a market-maker for the underlying, which might in particular be the case when the Issuer has also issued such underlying. By such market-making, the Issuer will, to a large extent, determine the price of the underlying, and consequently influence the value of the Notes itself. The prices quoted by the Issuer in its market-making function will not always correspond to the prices which would have prevailed without such market-making and in a liquid market.

The Issuer(s) in its various capacities in connection with the Notes may also enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefore.

Investors should note that Notes issued under the Program may be underwritten by Dealers who receive in consideration underwriting commissions and selling concessions. The relevant Issuer may also offer and sell Notes directly to investors without the involvement of any Dealer. In addition, Mediobanca may act as market maker or specialist or perform other similar roles in connection with the Notes: potential conflicts of interest may exist between Mediobanca acting in such capacity on the one hand, and investors in the Notes on the other.

*(viii) Impossibility to know the amount of the Notes in circulation on the date of issue*

The Notes may be issued and withheld by the Issuer for the progressive sale on the market in accordance with investors' demand. In this context an investor who acquires the Notes does not know at the moment of purchase how much of the issued Notes effectively are publicly traded, with the consequence that the amount in circulation could be meager and may not guarantee successively adequate liquidity in the Notes.

*(ix) Issue of subsequent tranche*

In the event the Issuer decides to issue further Notes having the same terms and conditions as an already existing Series of Notes (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) and so that the further Notes shall be consolidated and form a single series with the original Notes, the greater nominal amount in circulation could lead to greater liquidity in the secondary market with a consequent negative impact on the price of the relevant Series of the Notes.

*(x) Physical Delivery Notes*

In order to receive the Entitlement in respect of a Physical Delivery Note, the holder of such Note must (i) duly deliver to the Clearing System and/or Paying Agents, as specified in the Note Final Terms, a duly completed Asset Transfer Notice on or prior to the relevant time on the Cut-Off Date and (ii) pay the relevant Expenses. As used in the Terms and Conditions, "Expenses" includes any applicable depositary charges, transaction or exercise charges, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes arising from the

redemption, exercise and settlement (as applicable) of such Notes and/or the delivery of the Entitlement.

In the case of Physical Delivery Notes (other than Credit Linked Notes), if a Settlement Disruption Event occurs or exists on the Maturity Delivery Date (in the case of Notes), settlement will be postponed until the next date on which no Settlement Disruption Event occurs. The relevant Issuer in these circumstances has the right to pay the Disruption Cash Settlement Price in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Notes. In addition, if "*Failure to Deliver due to Illiquidity*" is specified as applying in the applicable Note Final Terms, and in the opinion of the Calculation Agent it is impossible or impracticable to deliver some or all of the Relevant Assets comprising the Entitlement when due as a result of illiquidity in the market for the Relevant Assets, the relevant Issuer has the right to pay the Failure to Deliver Settlement Price in lieu of delivering those Relevant Assets. Any Disrupted Cash Settlement Price or Failure to Deliver Settlement Price may be significantly less than Holders expected to receive prior to such Settlement Disruption Event or Calculation Agent determination.

In relation to Physical Delivery Notes, under the Guarantee, the Guarantor has the right at all times to elect not to deliver or procure delivery of the Entitlement to the holders of Physical Delivery Notes, but in lieu thereof to pay an amount in cash equal to the Guaranteed Cash Settlement Amount specified in the applicable Final Terms. Such cash payment will constitute a complete discharge of the Guarantor's obligations in relation to such Physical Delivery Notes.

If so indicated in the applicable Note Final Terms, the relevant Issuer has an option to vary settlement in respect of the Notes. If exercised by the relevant Issuer, Physical Delivery Notes may be cash settled or cash settled Notes may be physically settled. Exercise of such option may affect the value of the Notes.

(xi) *Hedging Unwind Costs*

To the extent applicable Final Terms specify that "*Hedge Unwind Adjustment*" or "*Standard Unwind Adjustment*" shall apply, the amount that Noteholders may receive in certain circumstances will be adjusted upwards or downwards to reflect the *pro rata* Hedge Unwind Costs or Standard Unwind Costs, as applicable. The Hedge Unwind Costs and Standard Unwind Costs are the costs of unwinding any associated hedging transactions, including but not limited to any hedging and/or funding transactions.

(xii) *Automatic Exchange of Information*

EU Member States are required to implement an automatic exchange of information as provided for by Council Directive 2014/107/EU, amending Directive 2011/16/EU on Administrative Cooperation as regards mandatory automatic exchange of information in the field of taxation (the "**DAC**"), effective as from 1 January 2016 (and, in the case of Austria, as from 1 January 2017). In this context, in order to eliminate an overlap with the DAC, Council Directive 2003/48/EC (the "**EU Savings Directive**") was repealed on November 10, 2015 by the Council of the European Union. The range of payments to be automatically reported under the DAC is broader than the scope of the automatic information previously foreseen by the EU Savings Directive.

(xiii) *EU reform of "benchmarks" (including LIBOR, EURIBOR and other interest rate index and equity, commodity and foreign exchange rate indices)*

The Notes may be linked to a "benchmark" as defined under the Benchmark Regulation. The Benchmarks Regulation, *inter alia*: (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The scope of the Benchmarks Regulation is wide and, in addition to applying to so-called "critical benchmark" indices, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments (including listed Notes), financial contracts and investment funds. In this respect, any changes to a "benchmark" due to the Benchmark Regulation could, *inter alia*: (i) discourage market participants from continuing to administer or contribute to such "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark"; or (iii) lead to the disappearance of the "benchmark".

In such events, depending on the particular "benchmarks" and the applicable terms of the Notes, the Notes could be delisted (if listed), adjusted, redeemed or otherwise impacted and their volatility may be affected.

In addition, the application of the fallback methods to be applied in the event that a "benchmark" to which any Notes is linked has been discontinued following the adoption of a decision to withdraw the authorization or registration as set out in Article 35 of the Benchmark Regulation may expose investors to certain risks connected with the adjustment to the interest calculation as provided for in Condition 3(q) (*Benchmark Replacement*) or Condition (r) (*U.S. dollar LIBOR replacement*) and/or may generally produce potential negative consequences for the holders of any Notes linked to such "benchmark".

The London Interbank Offered Rate ("**LIBOR**"), Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed critical "benchmarks" are subject to recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such critical "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to a "benchmark".

Any of the international, national or other reforms or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmarks" and complying with any such regulations or requirements.

For example, the sustainability of the LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such "benchmarks".

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any such Notes.

In addition to the above, please also see the risk factor "*Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR*" below.

(xiv) *Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR*

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority ("FCA"), which regulates LIBOR, discussed in a speech the transition away from LIBOR to alternative interest rate benchmarks based on overnight rates. As previously announced on 27 July 2017, the Chief Executive of the FCA, has confirmed that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021 and that planning a transition to alternative reference rates that are based firmly on transactions, such as reformed SONIA (the Sterling Over Night Index Average), must begin.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the SONIA (Sterling Overnight Index Average) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could require or result in adjustment to the interest calculation provisions of the Terms and Conditions of the Notes (as described in Base Condition 3(q) (*Benchmark replacement*) or Condition (r) (*U.S. dollar LIBOR replacement*)) or result in adverse consequences to holders of any securities linked to such benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

The Conditions of the Notes provide that, if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event (as defined in the Conditions) has occurred, the Issuer shall use reasonable endeavours to appoint an Independent Adviser for the purposes of determining a Successor Rate or an Alternative Benchmark Rate (as further described in Condition 3(q) (*Benchmark replacement*) and, if applicable, an Adjustment Spread. If the Issuer is unable to appoint an Independent Adviser or if the Independent Adviser and the Issuer cannot agree upon, or cannot select, the Successor Rate or Alternative Benchmark Rate, the Issuer may determine the replacement rate, provided that if the Issuer is unable or unwilling to determine the Successor Rate or Alternative Benchmark Rate, the further fallbacks described in the Conditions shall apply. In certain circumstances, including but not limited to where the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page, the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest of the last preceding Interest Period being used. This may result in effective application of a fixed rate of interest for Notes initially designated to be Floating Rate Notes. In addition, due to the uncertainty concerning the

availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

The use of a Successor Rate or an Alternative Benchmark Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Notes if the relevant benchmark remained available in its current form. Furthermore, if the Issuer is unable to appoint an Independent Adviser or if the Issuer fails to agree a Successor Rate or an Alternative Benchmark Rate or adjustment spread, if applicable with the Independent Adviser, the Issuer may have to exercise its discretion to determine (or to elect not to determine) an Alternative Benchmark Rate or adjustment spread, if applicable in a situation in which it is presented with a conflict of interest. In addition, while any Adjustment Spread may be expected to be designed to eliminate or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Notes may not do so and may result in the Notes performing differently (which may include payment of a lower interest rate) than they would do if the Reference Rate were to continue to apply in its current form. Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Investors should consider these matters when making their investment decision with respect to the relevant Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes linked to a "benchmark" since the rate of interest will be changed in ways which may be adverse to holders of such Notes, without any requirement that the consent of such holders be obtained.

**(D) Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk that may be relevant in connection with an investment in Notes:

*(i) The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

The Issuer has no obligation to purchase the Notes from the Noteholders. However, should the Issuer decide to purchase the Notes, the secondary market pricing that the Issuer may provide on the Notes may reflect the unwinding cost of the hedging portfolio (if any) and/or the loss of profit (*lucro cessante*) related to such hedging portfolio.

(ii) *Specific Buy Back Provisions*

If Specific Buy Back Provisions is specified as being applicable to the Notes in the relevant Final Terms, investors should be aware that Mediobanca and/or Mediobanca International have issued the Notes also for the purpose of entering into, from time to time, in certain Underlying Transactions. In this respect, the value of the Notes shall reflect and shall be calculated on the basis of the Market Value of such Underlying Transactions. The composition of the Underlying Transaction will be made available to the investors in accordance with the method of publication indicated in the relevant Final Terms.

The Underlying Transactions will be selected from time to time by the Calculation Agent in its reasonable discretion with maturities and notional that can be larger, respectively, than the Maturity Date and Notional Amount of the relevant Notes, and the relevant composition is subject to change during the life of the Notes. Any changes in the composition of the Underlying Transactions (including any possible funding arrangement and/or coupon swap) could adversely affect the Market Value of the Underlying Transactions and, therefore, the value of the Notes.

The Market Value of the Underlying Transactions, as determined by Mediobanca and/or Mediobanca International, acting in its capacity as Calculation Agent, in a fair and commercially reasonable manner and with reference to the market, could adversely affect the repurchase price, if any, of the Notes. Therefore in the event that an investor requests the Issuer to repurchase the Notes held by it prior to their maturity, and the Issuer accepts such repurchase, the price of the Notes (Buy Back Price) will be a price that perfectly reflects the Market Value of such Underlying Transactions.

The Specific Buy Back Provisions shall not affect the right of the investors to receive timely payments of principal and interest and performance of any non-cash delivery obligations on the Notes. As consideration of the Issuer entering into the Underlying Transactions in relation to the Notes, the Issuer will pay an Extra Yield on the Notes.

The Specific Buy Back Provisions shall apply only to Notes issued by Mediobanca and/or Mediobanca International and where Mediobanca and/or Mediobanca International act as Dealers and where the Notional Amount of the Notes is equal to, at least, Euro 100,000 (or its equivalent amount if issued in a different currency).

(iii) *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest, if any, on the Notes in the Relevant Currency or, if Dual Currency Notes are specified as being applicable in the Final Terms, the Issuer will pay principal and/or interest on the Notes in a currency different to the Relevant Currency (the "**Payment Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Relevant Currency and/or, as applicable, the Payment Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Relevant Currency and/or, as applicable, the Payment Currency, or revaluation of the Investor's Currency or due to the official redenomination of the Relevant Currency and/or, as applicable, the Payment Currency and/or Investor's Currency) and the risk that authorities with jurisdiction over Relevant Currency and/or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Relevant Currency and/or, as applicable, the Payment

Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest, principal or other amount than expected, or no interest or principal or other amount.

*(iv) Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

*(v) Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Each prospective investor should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

*(vi) Impact of implicit fees on the Issue/Offer Price*

Investors should note that implicit fees (*e.g.* placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Notes, but such fees will not be taken into account for the purposes of determining the price of the relevant Notes in the secondary market.

The Issuer will specify in the relevant Final Terms the type and amount of any implicit fees which are applicable from time to time.

Investors should also take into consideration that if Notes are sold on the secondary market immediately following the offer period relating to such Notes, the implicit fees included in the Issue/Offer Price on initial subscription for such Notes will be deducted from the price at which such Notes may be sold in the secondary market.

*(vii) Certain considerations associated with public offers of Notes*

If Notes are distributed by means of a public offer, under certain circumstances indicated in the relevant Final Terms, the Issuer and/or other entities specified in the Final Terms may have the right to withdraw the offer, which in such circumstances will be deemed to be null and void according to the terms indicated in the relevant Final Terms.

In such case, investors who have already paid or delivered subscription monies for the relevant Notes will be entitled to reimbursement of such amounts, but will not receive any interest that may have accrued in the period between their payment or delivery of subscription monies and the reimbursement of the Notes.

*(viii) Possible Illiquidity of the Notes in the Secondary Market*



It is not possible to predict the price at which Notes will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list or admit to trading Notes on a stock exchange or market. If the Notes are not listed or admitted to trading on any exchange or market, pricing information for the Notes may be more difficult to obtain and the liquidity of the Notes may be adversely affected. If the Issuer does list or admit to trading an issue of Notes, there can be no assurance that at a later date, the Notes will not be delisted or that trading on such exchange or market will not be suspended. In the event of a delisting or suspension of listing or trading on a stock exchange or market, the Issuer will use its reasonable efforts to list or admit to trading the Notes on another exchange or market.

The Issuer, or any of its Affiliates may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private agreement. Any Notes so purchased may be held or resold or surrendered for cancellation. The Issuer or any of its Affiliates may, but is not obliged to, be a market-maker for an issue of Notes. Even if the Issuer or such other entity is a market-maker for an issue of Notes, the secondary market for such Notes may be limited.

Investors should note that if an entity is appointed as market-maker or liquidity provider with respect to the Notes in the secondary market, this may, in certain circumstances, affect the price of the Notes in the secondary market.

In addition, all or part of the Notes issued under this Programme may be subscribed upon issuance by the Issuer itself or by its Affiliate(s) for resale thereafter on the basis of investors' demand. Accordingly, investors subscribing for Notes upon their issuance should be aware that there may not be a viable secondary market for the relevant Notes immediately. Even if a market does develop subsequently, it may not be very liquid.

*(ix) Listing of Notes*

In respect of Notes which are (in accordance with the applicable Final Terms) to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing, provided that if it becomes impracticable or unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to de-list the relevant Notes, although in this case it will use all reasonable endeavours to obtain and maintain (as soon as reasonably practicable after the relevant de-listing) an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide.

If such an alternative admission is not available or is, in the opinion of the Issuer, impracticable or unduly burdensome, an alternative admission will not be obtained.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and form part of, this Base Prospectus:

- the audited consolidated annual financial statements as at and for the years ended 30 June 2020 and 2019 of Mediobanca;
- the audited non-consolidated annual financial statements as at and for the years ended 30 June 2020 and 2019 of Mediobanca International;
- the un-audited consolidated half-yearly financial statements as at and for the period ended 31 December 2020 of Mediobanca,

in the case of the above-mentioned financial statements, together with the accompanying notes and (where applicable) auditors' reports, save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 23 of the Prospectus Regulation modifies or supersedes such statement. Where only certain sections of a document referred to above are incorporated by reference to this Base Prospectus, the parts of the document which are not incorporated by reference are either not relevant for prospective investors or are covered elsewhere in this Base Prospectus.

The Issuers will provide, without charge to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy (by electronic means, unless such person requests hard copy) of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Request for such documents should be directed to the Issuers at their offices set out at the end of this Base Prospectus. In addition, such documents will be available, without charge, at the principal office of the Paying Agent in Luxembourg and on the Mediobanca's website at the following link (<https://www.mediobanca.com/en/investor-relations/results-presentations/results.html>) and on the Mediobanca International's website (<https://www.mediobancaint.lu/en/investor-documentation.html>).

The following table shows where some of the information incorporated by reference can be found in the above-mentioned documents. Information contained in those documents other than the information listed below does not form part of this Base Prospectus and is either not relevant or covered elsewhere in this Base Prospectus.

***Cross-reference list in respect of the Mediobanca and Mediobanca International financial statements***

<b>Mediobanca - Consolidated annual financial statements</b>		
	<b>2020</b>	<b>2019</b>
Consolidated Balance sheet	Pages 100-101	Pages 86-87
Consolidated Profit and Loss Account	Pages 102	Pages 88
Consolidated Comprehensive Profit and Loss Account	Pages 103	Pages 89
Statement of changes in Consolidated Net Equity	Pages 104-105	Pages 90-91
Consolidated Cash flow Statement Direct Method	Page 106	Pages 92
Notes to the accounts	Pages 112-364	Pages 98-345
Auditors' reports	Pages 449-459	Pages 376-385

<b>Mediobanca International - Non-Consolidated annual financial statements</b>		
	<b>2020</b>	<b>2019</b>
Statement of financial position	Pages 36-37	Pages 40-41
Statement of comprehensive income	Pages 38	Page 42
Statement of changes in equity	Pages 39-40	Pages 43-44
Cash flow statement	Page 41	Pages 45-46
Accounting policies and explanatory notes	Pages 43-151	Pages 48-176
Auditors' reports	Pages 29-34	Pages 33-38

<b>Mediobanca - Consolidated half-yearly financial statements</b>	
	<b>2020</b>
Consolidated Balance sheet	Pages 78-79
Consolidated Profit and Loss Account	Page 80
Consolidated Comprehensive Profit and Loss Account	Page 81
Statement of changes in Consolidated Net Equity	Pages 82-83
Consolidated Cash flow Statement Direct Method	Page 84
Notes to the accounts	Pages 87-290

## SUPPLEMENTS AND FURTHER PROSPECTUSES

The Issuers will update this Base Prospectus by preparing a replacement prospectus, setting out the changes in the operations and financial conditions of the Issuers, at least every year after the date of this Base Prospectus and each subsequent Base Prospectus.

The Issuers have given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Notes, they shall prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer a number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuers and the Guarantor may agree with any Dealer to issue Notes in a form not contemplated in Part 2 of Chapter 2 in the section entitled "*General form of Final Terms for Notes*". To the extent that the information relating to that Tranche of Notes constitutes a significant new factor in relation to the information contained in this Base Prospectus, a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**") will be made available and will contain such information. Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the relevant Issuer and (if applicable) the Guarantor and the relevant Notes or (2) by a single document setting out the necessary information relating to the Notes and incorporating by reference this Base Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, references in this Base Prospectus to information specified or identified in the Final Terms shall (unless the context requires otherwise) be read and construed as information specified or identified in the relevant Drawdown Prospectus.

## FORMS OF THE NOTES

### Temporary or Permanent Global Note

Unless otherwise provided in the relevant Final Terms, each Tranche of Notes will initially be in the form of either a temporary global note (a "**Temporary Global Note**"), without Coupons, or a permanent global note (a "**Permanent Global Note**"), without Coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in a new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream Luxembourg**" or "**CBL**") and/or any other relevant clearing system and/or deposited directly with Monte Titoli S.p.A. and/or any other centralised custodian appointed by the Issuers (together, the "**Centralised Custodian**") and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream Luxembourg.

On 13 June 2006, the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled (including denomination in euro and listing on an EU regulated market or on an ECB-approved non-regulated market). At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream Luxembourg as of 30 June 2006 and the debt securities in global bearer form issued through Euroclear and Clearstream Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used (and if the above-mentioned other criteria are fulfilled).

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

#### *Temporary Global Note exchangeable for Permanent Global Note*

If the relevant Final Terms specifies the form of Notes as being "*Temporary Global Note exchangeable for a Permanent Global Note*", then the Notes will initially be in the form of a Temporary Global Note without Coupons or Receipts (as defined herein), interests in which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Coupons, not earlier than 40 days after the Issue Date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure (in the case of first exchange) the

prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (a) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (b) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership, *provided, however*, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "*in the limited circumstances described in the Permanent Global Note*", then if (a) Euroclear or Clearstream Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Base Condition 8 (*Events of Default*) of the Base Terms and Conditions of the Notes occurs.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of a minimum denomination of Euro 100,000, plus integral multiples of Euro 1,000, provided that such denominations are not less than Euro 100,000 nor more than Euro 199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds an aggregate principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the

Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

*Temporary Global Note exchangeable for Definitive Notes*

If the relevant Final Terms specifies the form of Notes as being "*Temporary Global Note exchangeable for Definitive Notes*" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons, interests in which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the Issue Date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "*Temporary Global Note exchangeable for Definitive Notes*" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons or Receipts, interests in which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the Issue Date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Where the Temporary Global Note is to be exchanged for Definitive Notes, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts (as defined herein) attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

*Permanent Global Note exchangeable for Definitive Notes*

If the relevant Final Terms specifies the form of Notes as being "*Permanent Global Note exchangeable for Definitive Notes*", then the Notes will initially be in the form of a Permanent Global Note, without Coupons or Receipts, interests in which will be exchangeable in whole, but not in part, for Definitive Notes:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "*in the limited circumstances described in the Permanent Global Note*", then if (a) Euroclear or Clearstream Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Base Condition 8 (*Events of Default*) of the Base Terms and Conditions of the Notes occurs.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of a minimum denomination of Euro 100,000, plus integral multiples of Euro 1,000, provided that such denominations are not less than Euro 100,000 nor more than Euro 199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Notes. However, a Noteholder who holds an aggregate principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange. Where the Notes are listed on the Euronext Dublin and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Base Condition 12 (*Notices*) of the Base Terms and Conditions of the Notes.

#### *Terms and Conditions applicable to the Notes*

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the base terms and conditions set out under "*Base Terms and Conditions of the Notes*" in Part 1 of Chapter 2, as completed by any additional Specific Terms and Conditions set out in Chapters 3 to 12 below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions relating to the Notes while in Global Form" below.

#### *Legend concerning United States persons*

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

*"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."*

The sections referred to in such legend provide that a United States person who holds a Note, Coupon, Talon or Receipt will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon, Talon or Receipt and any gain (which might



otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

### **Book-entry form**

If the relevant Final Terms specifies the form of the Notes as being "*Book-entry form*", then the Notes will not be represented by paper certificates and the transfer and exchange of Notes will take place exclusively through an electronic book-entry system managed by Monte Titoli S.p.A. or any other Centralised Custodian appointed by the Issuers. Accordingly, all Notes shall be deposited by their owners with an intermediary participant in the relevant Centralised Custodian. The intermediary will in turn deposit the Notes with the Centralised Custodian.

To transfer an interest in the Notes, the transferor and the transferee are required to give instructions to their respective intermediaries. If the transferee is a client of the transferor's intermediary, the intermediary will simply transfer the Notes from the Transferor's account to the account of the transferee. If, however, the transferee is a client of another intermediary, the transferor's intermediary will instruct the centralised clearing system to transfer the Notes to the account of the transferee's intermediary, which will then register the Notes on the transferee's account.

Each intermediary maintains a custody account for each of its clients. This account sets out the financial instruments of each client and the records of all transfers, interest payments, charges or other encumbrances on such instruments. The account holder or any other eligible party may submit a request to the intermediary for the issue of a certified account statement.

In such circumstances, it will not be possible for a Noteholder to obtain physical delivery of Notes certificates representing the Notes.

## GENERAL DESCRIPTION OF THE STRUCTURED NOTE ISSUANCE PROGRAMME

*The following is a general description of the Programme for the purposes of Article 25.1(b) of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation. The following overview does not purport to be complete and is qualified by the remainder of this document and, in relation to the terms and conditions of any particular Series (as defined below in the "Base Terms and Conditions of the Notes") of Notes, the applicable Specific Terms and Conditions and Final Terms. Subject as provided in the Base Terms and Conditions of the Notes as applicable, any of the following (including, without limitation, the type of Notes which may be issued pursuant to the Programme) may be varied or supplemented as agreed between the Issuer, the relevant Dealer(s) and the Fiscal Agent (if applicable). Words and expressions defined in the sections entitled "Form of the Notes", "Base Terms and Conditions of the Notes", "General Terms for the Credit Linked Notes" and the Specific Terms and Conditions set out in Chapters 3 to 13 below shall have the same meaning in this overview:*

**Issuers:** Mediobanca – Banca di Credito Finanziario S.p.A. and Mediobanca International (Luxembourg) S.A.

**Mediobanca - Banca di Credito Finanziario S.p.A.:** Mediobanca was established on 10 April 1946 as a medium-term credit granting institution in Italy. In 1956 Mediobanca's shares were admitted to the Italian Stock Exchange and since then its business has expanded both nationally and internationally.

Mediobanca is registered at the Companies' Registry of the Chamber of Commerce of Milan, Italy under registration number 00714490158. Mediobanca's registered office is at Piazzetta E. Cuccia 1, 20121, Milan, Italy, telephone number (+39) 0288291.

Mediobanca holds a banking license from the Bank of Italy authorising it to carry on all permitted types of banking activities in Italy.

Mediobanca is a bank organised and existing under the laws of Italy, carrying out a wide range of banking, financial and related activities throughout Italy.

At the date hereof, Mediobanca's issued share capital totals Euro 443,616,723.50, represented by 887,233,446 registered shares of a nominal value of Euro 0.50.

The Board of Directors of Mediobanca is responsible for the ordinary and extraordinary management of Mediobanca.

**Mediobanca International (Luxembourg) S.A.:**

Mediobanca International has the form of a *société anonyme* subject to Luxembourg law and has its place of registration in Luxembourg. On 15 December 2005 the Luxembourg Minister of the Treasury and the Budget, on

the recommendation of the CSSF, granted Mediobanca International a full banking license pursuant to which its operations include raising funds in the international markets and lending, consistent with Mediobanca International's articles of association approved by the shareholders in the general meeting held on 21 December 2005.

Mediobanca International is registered with the Luxembourg trade and companies registry under registration number B 112885. Mediobanca International's registered office is at 4 Boulevard Joseph II, L-1840 Luxembourg.

As at 30 June 2020, Mediobanca International's issued and authorised fully paid share capital totals Euro 10,000,000 represented by 1,000,000 registered shares of Euro 10 par value.

The Board of Directors of Mediobanca International is responsible for setting authorisation levels, defining organisational structure, defining the system of internal control and reviewing it on a regular basis, and approving the bank's accounts and interim statements. Day-to-day management is entrusted to two managing directors.

**Guarantor:** Mediobanca - Banca di Credito Finanziario S.p.A. (with respect to Notes issued by Mediobanca International (Luxembourg) S.A.)

**Description:** Structured Note Issuance Programme.

**Arranger:** Mediobanca Banca di Credito Finanziario S.p.A.

**Dealers:** MEDIOBANCA - Banca di Credito Finanziario S.p.A.

Each of the Issuers may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of a single Tranche or in respect of the whole Programme.

**Fiscal Agent:** BNP Paribas Securities Services, Luxembourg Branch, will act as Fiscal Agent in respect of the Notes except for Notes in dematerialised form which are deposited directly with Monte Titoli S.p.A. ("**Monte Titoli**").

**Italian Paying Agent:** Mediobanca – Banca di Credito Finanziario S.p.A. will act as Italian Paying Agent with respect to Notes in dematerialised form deposited directly with Monte Titoli (which role will include the role of Fiscal Agent with respect to such Notes).

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be denominated in any currency or currencies as the relevant Issuer, the Guarantor (where applicable), and the relevant Dealer so agree (the **Relevant Currency**) including, without limitation, Australian dollars, Canadian Dollars, Danish kroner, Euro, Hong Kong dollars, Japanese yen, New Zealand dollars, Norwegian krone, South Africa rand, Sterling, Swedish kronor, Swiss francs and U.S. dollars (as specified in the applicable Final Terms). If the Notes are specified to be Dual Currency Interest Notes and/or Dual Currency Redemption Notes in the applicable Final Terms, the Issuer will pay principal and/or interest on the Notes in a currency different to the Relevant Currency (the **Payment Currency**).

**Maturities/Final Redemption:**

Such maturities as may be specified by the Issuer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the Relevant Currency, or, if the Notes are specified to be Dual Currency Redemption Notes in the applicable Final Terms, the Payment Currency.

Unless previously redeemed, purchased and cancelled as provided in accordance with Base Condition 4(e) (*Redemption at the option of the Issuer*) or Base Condition 4(f) (*Redemption at the option of holders of Notes*) or Base Condition 4(o) (*Automatic Early Redemption*) (if specified as being applicable in the Final Terms) of the Base Terms and Conditions of the Notes, (a) each Note that is not a Physical Delivery Note will be redeemed at its Final Redemption Amount on the Maturity Date (b) and each Note that is a Physical Delivery Note will be redeemed by delivery of the Entitlement on the Maturity Date.

Any Notes in respect of which the issue proceeds are received by the relevant Issuer in the United Kingdom and which have a maturity of less than one year from the date of issue must (a) have a minimum redemption value of £ 100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a

contravention of section 19 of the Financial Services and Markets Act 2000 by the relevant Issuer.

**Denomination:**

Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be € 1,000 (or where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency).

**Method of Issue:**

The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.

**Consolidation of Notes:**

Notes of one series may be consolidated with Notes of another Series, all as described in Base Condition 11 (*Further Issues and Consolidation*) of the Base Terms and Conditions of the Notes.

**Final Terms or Drawdown Prospectus:**

Notes issued under the Programme may be issued either (i) pursuant to this Base Prospectus and the relevant Final Terms or (ii) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Base Terms and Conditions of the Notes as completed by the relevant Specific Terms and Conditions relating to the relevant type of Notes and completed by the relevant Final Terms or, as the case may be, the relevant Drawdown Prospectus.

References in this General Description of the Structured Note Issuance Programme to the "Final Terms" shall, where applicable, be read as references to the Drawdown Prospectus relating to the Notes, as the case may be.

**Form of Notes:**

The Notes may be issued in bearer form only.

If the Notes are represented by one or more Global Notes, the relevant Final Terms will specify whether each Global Note is to be issued in New Global Note or in Classic

Global Note form. Each Tranche of Notes will initially be represented by a Temporary Global Note or a Permanent Global Note which, in each case, will be deposited on or around the Issue Date: (a) in the case of Notes intended to be issued in Classic Global Note form, with a common depository on behalf of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system and/or deposited directly with Monte Titoli S.p.A. and/or any other centralised custodian appointed by the Issuers (together, the "**Centralised Custodian**") and (b) in the case of Notes intended to be issued in New Global Note form, with a common safekeeper for Euroclear and/or Clearstream Luxembourg. No interest will be payable in respect of a Temporary Global Note except as described under "*Summary of Provisions Relating to the Notes while in Global Form*".

Interests in Temporary Global Notes will be exchangeable for interests in Permanent Global Notes or, if so stated in the relevant Final Terms for Definitive Notes after the date falling 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. If specified in the relevant Final Terms, interests in Permanent Global Notes will be exchangeable for definitive Notes as described under "*Summary of Provisions Relating to the Notes while in Global Form*". Definitive Notes will, if interest-bearing, have interest Coupons attached and, if appropriate, a Talon for further Coupons and will, if the principal thereof is repayable by installments, have payment Receipts attached.

If the Notes are issued and held in book-entry form, the Notes will not be represented by paper certificates and the transfer and exchange of Notes will take place exclusively through an electronic book-entry system managed by Monte Titoli S.p.A. or any other Centralised Custodian appointed by the Issuers. Accordingly, all Notes of the same tranche shall be deposited by their owners with an intermediary participant in the relevant Centralised Custodian. The intermediary will in turn deposit the Notes with the Centralised Custodian.

In such circumstances, it will not be possible for a Noteholder to obtain physical delivery of certificates representing the Notes.

**Issue Price of the Notes:**

Issue Price will be specified in the relevant Final Terms. Notes may be issued at their principal amount or at a discount or premium to their principal amount.

**Type of Notes:**

The Issuer may issue Notes of any kind, including but not limited to, Share Linked Notes, Index Linked Notes, Fund Linked Notes, Credit Linked Notes, Inflation Linked

Notes, Commodity Linked Notes, Interest Rate Linked Notes, Dual Currency Notes and FX Linked Notes. Such Notes may bear interest at a fixed rate, or floating rate or structured rate or a combination of such rates.

Notes will be redeemed by way of cash payment or by physical delivery ("**Physical Delivery Notes**") of certain asset(s) specified in the relevant Final Terms.

**Share Linked Notes, Index Linked Notes, Fund Linked Notes, Commodity Linked Notes, Inflation Linked Notes, Debt Linked Notes, Interest Rate Linked Notes, Dual Currency Notes or FX Linked Notes:**

The Final Terms issued in respect of each issue of Share Linked Notes, Index Linked Notes, Fund Linked Notes, Commodity Linked Notes, Debt Linked Notes, Dual Currency Notes or FX Linked Notes linked to, as the case may be (i) a share or basket of shares, (ii) index (or basket of indices), (iii) fund (or basket of funds), (iv) commodity (or basket of commodities), inflation index, (vi) debt instruments (or basket of debt instruments), (vii) interest rate or yield (or basket of interest rates or basket of yields), (viii) a currency exchange rate or (ix) a foreign exchange rate will specify the basis for calculating the amounts of principal payable, which may be by reference to a share, index, fund level, commodity, debt instrument, interest rate or foreign exchange rate.

**Credit Linked Notes:**

Payments of principal and/or interest (if any) in respect of Credit Linked Notes, which may be issued by any Issuer, will depend on whether or not a specified "*Credit Event*" occurs in respect of one or more specified "*Reference Entities*" and/or the obligations of any of such Reference Entities. Following the occurrence of a Credit Event, Credit Linked Notes may either be cash settled or physically settled by delivery of bonds or other qualifying obligations of the defaulted Reference Entity, as indicated in the relevant Final Terms.

If the relevant Final Terms specify Credit Participation Factor as applicable, determination of amounts due under the Credit Linked Notes may be subject, *inter alia*, to a participation factor. In such circumstances the relevant calculation will not be made only by reference to the value of the relevant Reference Entity and the application of such feature may result in the calculation being subject to increasing or decreasing the amount that would otherwise have been calculated had no such feature been applicable.

Drawdowns of this product include: Single Name Credit Linked Notes (where Noteholders take the credit risk of a single named Reference Entity), Linear Basket Credit Linked Notes (where Noteholders take the credit risk in respect of two or more Reference Entities in a basket of Reference Entities and where the Notes will redeem in part

if a Credit Event occurs in respect of any Reference Entity in the basket), Tranche Notes (where Noteholders take the credit risk in respect of tranching notes with two or more Reference Entities within a basket of Reference Entities and may lose the entire value of their investment due to the event of defaults of one or more Reference Entities depending on the Attachment Point, Detachment Point and/or Cumulative Level), First-to-Default Credit Linked Notes (where Noteholders take the credit risk of the first to default among a basket of Reference Entities) and N<sup>th</sup>-to-Default Credit Linked Notes (where Noteholders take the credit risk of the N<sup>th</sup> to default among a basket of Reference Entities). See "*General Terms for Credit Linked Notes*" in Chapter 6 of this Base Prospectus for the terms and conditions applicable to Credit Linked Notes issued under the Programme.

**Dual Currency Notes:**

Notes may be Dual Currency Interest Notes and/or Dual Currency Redemption Notes (together, Dual Currency Notes). Payments (whether in respect of interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer, the Guarantor (where applicable), and the relevant Dealer so agree.

**Interest Rate Switch and Switch Option:**

If Interest Rate Switch is specified as applicable in the applicable Final Terms, the Notes will bear interest at a combination of rate(s) with different rate(s) being applicable for different periods as specified in the applicable Final Terms. Each such rate will be determined in accordance with the provisions applicable to Structured Rate Interest, Fixed Rate Interest and/or Floating Rate Interest.

If Switch Option is specified as applicable in the applicable Final Terms, the Issuer may, at its option, change the Interest Basis of the Notes from Structured Rate to Fixed Rate or Floating Rate, from Fixed Rate to Floating Rate or from Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms in respect of such period(s) as may be specified by the Issuer, upon prior notification of such change of interest to Noteholders.

**Physical Delivery Notes:**

In order to receive the relevant asset(s), a Noteholder must deliver an Asset Transfer Notice on or prior to a specified cut-off time and pay all taxes, duties and/or expenses arising from delivery of the relevant assets. For certain types of Notes, if certain disruption events occur on settlement, the relevant settlement date may be postponed and in certain circumstances the Issuer will be entitled to



make payment of a cash amount in lieu of physical delivery.

The Specific Terms and Conditions for Physical Delivery Notes will not apply in respect of the Credit Linked Notes (in respect of which physical settlement shall be governed by paragraph 5 of the General Terms for Credit Linked Notes).

The Guarantee provides that, in the case of Physical Delivery Notes, the Guarantor will have the right to elect not to make physical delivery of the Entitlement, but rather to pay the Guaranteed Cash Settlement Amount as specified in the applicable Final Terms.

**Interest Rate:**

A structured rate of interest will be payable in arrears on the date or dates in each year specified in the relevant Final Terms and will be calculated by reference to the Reference Item in accordance with the relevant structured rate formula as specified in the relevant Final Terms.

Where applicable, (i) fixed rates of interest will be also payable in arrears on the date or dates in each year specified in the relevant Final Terms, and/or (ii) floating rates of interest will be also payable in arrears on the date or dates in each year specified in the relevant Final Terms and will be calculated by reference to the benchmark as may be specified in the relevant Final Terms as adjusted for any applicable margin/multiplier

**Interest Periods and Interest Rates for the Notes:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period.

**Redemption Amount for the Notes:**

Notes may be redeemable at par or at such other Final Redemption Amount as may be specified in the relevant Final Terms, including a Final Redemption Amount calculated by reference to (i) a share or basket of shares, (ii) index (or basket of indices), (iii) fund (or basket of funds), (iv) inflation index, (v) commodity (or basket of commodities), (vi) debt instrument (or basket of debt instruments), (vii) interest rate (or basket of interest rates), (viii) a currency exchange rate or (ix) a foreign exchange rate.

**Redemption by Installments for the Notes:**

The Final Terms issued in respect of each issue of Notes which are redeemable in two or more installments will set out the date on which, and the amounts in which, such Notes may be redeemed.

**Status of the Notes:**

The Notes are issued on an unsubordinated basis. The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer, save for certain mandatory exceptions of applicable law. See Base Condition 2(a) (*Status of Notes*) of the Base Terms and Conditions of the Notes.

**Guarantee:**

Under the Deed of Guarantee, and in accordance with the terms and subject to the limitations thereof, Mediobanca unconditionally and irrevocably guarantees payment of all amounts due and the performance of any non-cash delivery obligations in respect of Notes issued by Mediobanca International. Pursuant to the Guarantee, the Guarantor has the right to elect not to deliver or procure the delivery of any entitlement to holders of Notes, but in lieu thereof to pay a cash amount. See also Base Condition 2(b) (*Status of Guarantee*) of the Base Terms and Conditions of the Notes.

**Status of the Guarantee:**

The payment obligations of the Guarantor under the Deed of Guarantee constitute – in accordance with the terms and subject to the limitations thereof – direct, unconditional, unsubordinated and unsecured obligations of the Guarantor which will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law. See also Base Condition 2(b) (*Status of Guarantee*) of the Base Terms and Conditions of the Notes. In particular, pursuant to the Deed of Guarantee, to the extent the Guarantor is incorporated in the Republic of Italy and to the extent under the applicable law in force at the relevant time a cap to the maximum amount to be guaranteed is required, the Guarantor shall only be liable up to an amount which is the aggregate of 110 per cent. of the aggregate principal amount of any Tranche of the Notes (in each case as specified in the applicable Final Terms) and 110 per cent. of the interest on such Notes accrued but not paid as at any date on which the Guarantor's liability falls to be determined. In addition, pursuant to the Deed of Guarantee, the Guarantor has also undertaken to issue an additional guarantee in an amount equal to any liability

exceeding the maximum amount mentioned above in relation to any Tranche of Notes.

**Cross Default:**

The Notes will contain a cross default in respect of indebtedness for borrowed money of the relevant Issuer and, where applicable, the Guarantor, as more fully set out in Base Condition 8 (*Events of Default*) of the Base Terms and Conditions of the Notes.

**Optional Redemption:**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed before their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Noteholders, and if so the terms applicable to such redemption and subject to all relevant legal and regulatory requirements.

**Tax Redemption:**

With respect to Notes, the relevant Final Terms will specify whether early redemption will be permitted for tax reasons as described in Base Condition 4(c) (*Redemption for taxation reasons*) of the Base Terms and Conditions of the Notes.

**Taxation:**

All payments in respect of Notes, Receipts and Coupons by the Issuer or (as the case may be) the Guarantor under the Deed of Guarantee will be made without withholding or deduction for, or on account of, any taxes imposed by the Grand Duchy of Luxembourg or the Republic of Italy, as the case may be, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (save as provided in Base Condition 6 (*Taxation*) of the Base Terms and Conditions of the Notes) pay such additional amounts as will result in the holders of Notes, Receipts or Coupons receiving such amounts as they would have received in respect to Notes, Receipts or Coupons had no such withholding or deduction been required.

However, as more fully set out in Base Condition 6 (*Taxation*) of the Base Terms and Conditions of the Notes, neither the Issuer nor (as the case may be) the Guarantor will be liable to pay any additional amounts to holders of Notes, Receipts or Coupons in relation to any payment on any Note, Receipt or Coupon with respect to any withholding or deduction for or on account of, *inter alia*, (i) substitute tax (*imposta sostitutiva*) pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (as subsequently amended, "**Decree No. 239**"); (ii) withholding tax pursuant to Presidential Decree No. 600 of 29 September 1973 ("**Decree No. 600**"), and (iii) withholding tax on Notes qualifying as atypical securities (*titoli atipici*) for Italian tax purposes, pursuant to Italian

Law Decree No. 512 of 30 September 1983 ("**Decree No. 512**").

**Rating:**

The rating of the Notes, if any, to be issued under the Programme will be specified in the applicable Final Terms.

Whether or not each credit rating applied for in relation to a Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No. 1060/2009 (as amended by Regulation (EU) No. 513/2011) (the "**CRA Regulation**") will be disclosed in the applicable Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

**Governing Law:**

If it is specified in the Final Terms that English law is applicable to the Notes, the Notes and any contractual or non-contractual obligations arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law, save that the status provisions applicable to the Notes and the contractual recognition of bail-in powers provisions, and any non contractual obligations arising out of or in connection with such provisions, shall be governed by, and construed in accordance with, Italian law (if the Notes are issued by Mediobanca) or Luxembourgish law (if the Notes are issued by Mediobanca International), as applicable. If it is specified in the Final Terms that Italian law is applicable to the Notes, the Notes will be governed by, and shall be construed in accordance with, Italian law. For the avoidance of doubt, articles 470-3 to 470-19 of the Luxembourg law on commercial companies dated 10 August 1915, as amended from time to time (the "**Luxembourg Company Law**") shall not apply.

**Approval of the Base Prospectus, Listing and Admission to Trading:**

The Central Bank of Ireland has approved this document as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Euronext Dublin and to be listed on the Official List of the Euronext Dublin.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets as may be agreed between the relevant Issuer, the Guarantor (where applicable) and the relevant Dealer in relation to

the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The Central Bank of Ireland has approved may, at the request of either Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; and (ii) an Attestation Certificate in accordance with Article 25(1) of the Prospectus Regulation.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in the relevant Final Terms which, with respect to Notes to be listed on the Official List of the Euronext Dublin, will be delivered to the Euronext Dublin.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Selling Restrictions:**

See "*Plan of Distribution*".

## **GENERAL DESCRIPTION OF THE UNDERLYING**

The Notes may relate to the following Reference Items:

- a single share or a basket of shares;
- an index (including the proprietary index described in the Index Linked Conditions) or a basket of indices;
- units or shares (however described) in a single fund or a basket of funds;
- a single inflation index;
- a single commodity or a basket of commodities;
- a single currency or a basket of currencies;
- a single debt instrument or a basket of debt instruments;
- a single interest rate or yield or a basket of interest rates or yields;
- a single currency exchange rate;
- a single reference entity or a basket of reference entities.

The applicable Final Terms will specify the relevant Reference Item and state where information on the relevant Reference Item, in particular on its past and future performance and on its volatility, can be obtained by electronic means, whether or not it can be obtained free of charge and whether or not the Issuer intends to provide further information on the relevant Reference Item.

## CHAPTER 2 – GENERAL PROVISIONS OF THE NOTES

### PART 1 – BASE TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Specific Terms and Conditions relating to the relevant type of Note as set out in Part 1 of Chapters 3 to 12 and as completed by the relevant Final Terms, will be endorsed on each Note in final form issued under the Programme. The terms and conditions applicable to any Notes in global form will differ from those terms and conditions which would apply to the Notes whilst in final form to the extent described under "Summary of Provisions relating to the Notes while in Global Form" below.*

Mediobanca - Banca di Credito Finanziario S.p.A. ("**Mediobanca**"), Mediobanca International (Luxembourg) S.A. ("**Mediobanca International**") (each, an "**Issuer**" and, together, the "**Issuers**") have established a Structured Note Issuance Programme (the "**Programme**") for the issuance of structured notes (the "**Notes**"), guaranteed by Mediobanca (in its capacity as guarantor, the "**Guarantor**") in respect of Notes issued by Mediobanca International.

The Notes are issued pursuant to an Issue and Paying Agency Agreement dated 12 March 2021, as amended or supplemented from time to time, (the "**Issue and Paying Agency Agreement**") between the Issuers, the Guarantor, BNP Paribas Securities Services, Luxembourg Branch, as fiscal agent and principal paying agent (the "**Fiscal Agent**") and Mediobanca in its capacity as Italian paying agent (the "**Italian Paying Agent**" and together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the "**Paying Agents**") and with the benefit of deeds of covenant dated 12 March 2021 (each, a "**Deed of Covenant**" and, together, the "**Deeds of Covenant**"), each of them executed by the relevant Issuer in respect of Notes issued by such Issuer. The Guarantor has, for the benefit of the holders of Notes issued by Mediobanca International from time to time, executed and delivered a deed of guarantee (the "**Deed of Guarantee**") dated 12 March 2021 under which it has guaranteed, in accordance with the terms and subject to limitations of the Deed of Guarantee, the due and punctual payment of the amounts due by Mediobanca International under the Notes and the Deed of Covenant as and when the same shall become due and payable (the "**Guarantee of the Notes**"). The holders of the Notes (as defined below), the holders of the interest coupons (the "**Coupons**") appertaining to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") and the holders of the installment receipts (the "**Receipts**") appertaining to the payment of principal by installments are deemed to have notice of all of the provisions of the Issue and Paying Agency Agreement applicable to them.

Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche of Notes is the subject of final terms (the "**Final Terms**") which completes these terms and conditions (the "**Base Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Base Conditions as completed by the relevant specific terms and conditions relating to the relevant type of Note (the "**Specific Conditions**") and as completed by the relevant Final Terms. In the event of any inconsistency between these Base Conditions and the Specific Conditions, the Specific Conditions shall prevail. In the event of any inconsistency between these Base Conditions and the Specific Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. All subsequent references in these Base Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the specified office of the Fiscal Agent,

the initial Specified Office of which is set out below (the "**Specified Office**"). Certain provisions of these Base Conditions are summaries of the Issue and Paying Agency Agreement and are subject to their detailed provisions.

The Final Terms issued in respect of each issue of Notes will specify whether the Issuer is Mediobanca or Mediobanca International. In these Base Conditions, any reference to a statute or regulation shall be construed as a reference to such statute or regulation as the same may have been, or may from time to time be, amended or re-enacted.

Copies of the Issue and Paying Agency Agreement, the Deeds of Covenant, the Deed of Guarantee and the Programme Manual (being a manual signed for the purposes of identification by the Issuers and the Fiscal Agent, containing suggested forms and operating procedures for the Programme, including the forms of the Notes in global and definitive form) are available for inspection at the specified office of the Paying Agent.

## 1. **FORM, DENOMINATION AND TITLE**

The Notes are issued in bearer form in the Denomination(s) and in the Relevant Currency shown in the Final Terms. For any Note, the applicable Final Terms may specify whether such Note is a Dual Currency Interest Note and/or Dual Currency Redemption Note (together, "**Dual Currency Notes**").

Notes are issued with Coupons (and where appropriate, a Talon) attached save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the date specified in the Final Terms as the Maturity Date (as designed below), Coupons and Talons in these Base Conditions are not applicable. Any Note the principal amount of which is redeemable in installments is issued with one or more Receipts attached.

Title to the Note and the Receipts, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

In these Base Conditions, "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Note, Receipt, Coupon or Talon. All capitalised terms which are not defined in these Base Conditions will have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes. Those definitions will be endorsed on the definitive Notes.

If the relevant Final Terms specifies the form of the Notes as being "*Book-entry form*", the Notes will be in bearer form and will be held in dematerialised form (i) on behalf of the beneficial owners by Monte Titoli for the account of the relevant Dematerialised Accountholders or (ii) on behalf of the beneficial owners by such other Centralised Custodian on behalf of the relevant Dematerialised Accountholder as specified in the Final Terms. The Notes held in dematerialised form by Monte Titoli will at all times be



evidenced by book-entries pursuant to the relevant provisions of Italian Legislative Decree No. 58 of 24 February 1998, as subsequently amended and in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

For the purposes of these Conditions:

**"Centralised Custodian"** means Monte Titoli and any other centralised custodian appointed by the Issuers operating dematerialised securities trading systems.

**"Dematerialised Accountholder"** means an accountholder with Monte Titoli and any other Centralised Custodian which has credited to its securities account with Monte Titoli and/or any other Centralised Custodian one or more entries in respect of the Notes held in book-entry form (except for Monte Titoli and/or any other Centralised Custodian in their capacity as an accountholder of another Clearing System) and each person whose name appears as being entitled to a Note in the books of a financial intermediary (being an Italian bank, dealer or agent authorised to maintain rewritten accounts on its clients).

**"Monte Titoli"** means Monte Titoli S.p.A.

## 2. STATUS OF NOTES AND GUARANTEE

### (a) *Status of the Notes*

The Notes will constitute direct unconditional, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Issuer, save for certain mandatory exceptions of applicable law.

### (b) *Status of Guarantee*

The Guarantee of the Notes constitutes direct, unconditional, unsubordinated and unsecured obligations of the Guarantor pursuant to the terms and conditions and subject to the limitations set out in the Deed of Guarantee which will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law.

As more fully set forth in the Guarantee, the Guarantor shall at all times have the right, at its sole and unfettered discretion, to elect not to deliver or procure delivery of the Entitlement to the holders of such Physical Delivery Notes when the same shall become due and deliverable, but in lieu thereof to pay an amount in cash equal to the Guaranteed Cash Settlement Amount. The **"Guaranteed Cash Settlement Amount"** in respect of each Note means an amount calculated pursuant to the terms of, or as specified in, the applicable Final Terms or, if not specified in the applicable Final Terms, an amount equal to the fair market value of the Entitlement in respect of such Note on any date notified as such by the Guarantor to the Issuer and the Calculation Agent, less the cost to the Issuer and/or its Affiliates or agents of unwinding or adjusting any underlying or

related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as determined by the Guarantor in its sole and absolute discretion. Any payment of the Guaranteed Cash Settlement Amount in lieu of the Entitlement shall constitute a complete discharge of the Guarantor's obligations in respect of such Physical Delivery Notes.

### 3. INTEREST AND OTHER CALCULATIONS

#### (a) *Definitions*

In this Base Condition 3, unless the context otherwise requires, the following defined terms shall have the meanings set out below.

**"Additional Business Centre(s)"** means the city or cities specified as such in the relevant Final Terms.

**"Aggregate Nominal Amount"** means in respect of a Series of Notes, on the Issue Date, the aggregate nominal amount of the notes of such Series specified in the applicable Final Terms and, on any date thereafter, such amount as reduced by any amortization or partial redemption on or prior to such date.

**"Autocall Condition"** has the meaning specified in the Base Conditions 3(f)(xv).

**"Basket"** means in respect of any Reference Item constituted by more than one item, the basket composed of Components in the relative proportions and/or numbers of Components specified in the Final Terms.

**"Benchmarks Regulation"** means Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014.

**"Broken Amount"** means the amount specified as such in the applicable Final Terms.

**"Business Day"** means a day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms;
- (ii) either: (a) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency; or (b) in relation to a sum payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the TARGET2 System) is open.

"**Calculation Agent**" means Mediobanca - Banca di Credito Finanziario S.p.A., the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Interest Rate(s) and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms.

"**Calculation Amount**" means the amount specified as such in the relevant Final Terms.

"**Cap**" means the value specified as such in the relevant Final Terms.

"**CMS**" means the constant maturity swap rate specified as such in the Final Terms.

"**Component**" means in respect of any Reference Item constituted by a Basket, each component comprised in such Basket and specified in the Final Terms.

"**Component Weight**" is the weight of the relevant Component comprised in the Basket as specified in the relevant Final Terms.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in this Base Condition 3 or the relevant Final Terms and:

- (a) if "**1/1**" is specified, 1;
- (b) if "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if "**Actual/Actual (ICMA)**" is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

- (d) if "**Actual/365 (Fixed)**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (e) if "**Actual/360**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (f) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

- (g) if "**30E/360**" or "**Eurobond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (h) if "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

**"EURIBOR"** means the Euro-zone interbank offered rate specified as such in the Final Terms.

**"Final Interest Reference Level"** means, with respect to, as the case may be, the Reference Item, Reference Item 1, Reference Item 2 or a Component comprised in the Basket, (i) if Averaging is not specified as being applicable in the Final Terms, the Interest Settlement Price on the Final Interest Valuation Date, or (ii) if Averaging is specified as being applicable in the Final Terms, the average of the Settlement Prices determined on each of the Final Valuation Dates.

**"Final Interest Valuation Date"** means, with respect to an Interest Period, the date specified as such in the relevant Final Terms.

**"Fixed Coupon Amount"** means the amount specified as such in the relevant Final Terms.

**"Floor"** means the value specified as such in the relevant Final Terms.

**"Government Yield"** means the yield of government securities specified as such in the Final Terms.

**"Initial Interest Reference Level"** means, with respect to, as the case may be, the Reference Item, Reference Item 1, Reference Item 2 or a Component comprised in the Basket, (a) the Interest Settlement Price on the Initial Interest Valuation Date, or (b) the value indicated as such in the relevant Final Terms.

**"Initial Interest Valuation Date"** means, with respect to an Interest Period, the date specified as such in the relevant Final Terms.

**"Interest Accrual Date"** means the dates specified as such in the relevant Final Terms, commencing on (and including) the Interest Commencement Date.

**"Interest Amount"** means, in respect of an Interest Period, the interest amounts payable per Calculation Amount determined in accordance with Base Condition 3(j) (*Calculations of Interest Amount*).

**"Interest Barrier Level"** means the value or the percentage specified as such in the relevant Final Terms.

**"Interest Barrier Maximum Amount"** means the amount specified as such in the relevant Final Terms.

**"Interest Barrier Minimum Amount"** means the amount specified as such in the relevant Final Terms.

**"Interest Barrier Observation Date"** means the date or the dates specified as such in the relevant Final Terms.

**"Interest Barrier Observation Period"** means the period specified as such in the relevant Final Terms.

**"Interest Barrier Payment Date"** means the date or the dates specified as such in the relevant Final Terms.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified in the relevant Final Terms.

**"Interest Determination Date"** means the date or the dates specified as such in the relevant Final Terms.

**"Interest Participation Factor"** means the multiplier specified as such in the relevant Final Terms.

**"Interest Payment Date"** means the date or dates specified as such in the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms, as the same may be adjusted in accordance with the relevant Business Day Convention.

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the following Interest Accrual Date and each successive period beginning on (and including) an Interest Accrual Date and ending on (but excluding) the next succeeding Interest Accrual Date.

**"Interest Rate"** means the rate of interest (expressed as a percentage per annum) determined in accordance with Base Condition 3(d) (*Fixed Rate*) or 3(e) (*Floating Rate*) (as the case may be).

**"Interest Rate Switch Date"** means the date specified as such in the relevant Final Terms.

**"Interest Settlement Price"** means, with respect to a Component or a Reference Item, as the case may be, the value determined by the Calculation Agent on the relevant date or dates in accordance with the Specific Conditions.

**"ISDA Definitions"** means the 2006 ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the Final Terms) as published by the International Swaps and Derivatives Association, Inc., a copy of which is available on the website of the International Swaps and Derivatives Association, Inc. ([www.isda.org](http://www.isda.org)).

**"Issue Date"** means the date specified as such in the relevant Final Terms.

**"Issue Price"** means the amount specified as such in the relevant Final Terms.

**"Italian Bail-in Power"** means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Italy, relating to (i) the transposition of the BRRD (in including, but not limited to, Legislative Decrees No. 180/2015 and 181/2015) as amended from time to time; and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period).

**"LIBID"** means the London interbank bid rate specified as such in the Final Terms.

**"LIBOR"** means the London interbank offered rate specified as such in the Final Terms.

**"LIMEAN"** means the London interbank mid-market rate specified as such in the Final Terms.

**"Linear Interpolation"** means the straight-line interpolation by reference to two rates based on the Reference Rate or the ISDA Rate, as the case may be, one of which will be determined as if the Specified Duration were the period of time for which rates are available next shorter than the length of the affected Interest Period and the other of

which will be determined as if the Specified Duration or the Designated Maturity, as the case may be, were the period of time for which rates are available next longer than the length of such Interest Period.

**"Luxembourg Bail-in Power"** means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Luxembourg, (i) relating to the transposition of the BRRD (including, but not limited to, the Luxembourg law of 18 December 2015 relative *aux mesures de résolution, d'assainissement et de liquidation des établissements de crédit et de certaines entreprises d'investissement ainsi qu'aux systèmes de garantie des dépôts et d'indemnisation des investisseurs*, as amended from time to time (the "**Luxembourg BRRD Law**"), (ii) relating to the SRM Regulation or (iii) otherwise arising under Luxembourg law and (iv) in each case, the instruments, rules and standards created thereunder, pursuant to which any obligation of a regulated entity or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period) and any right in a contract governing an obligation of a regulated entity may be deemed to have been exercised. For this purpose, a reference to a "regulated entity" is to any institution or entity (which includes certain credit institutions, investment firms, and certain of their group companies) referred to in points (1), (2), (3) or (4) of Article 2(1) of the Luxembourg BRRD Law, and with respect to the SRM Regulation to any entity referred to in Article 2 of the SRM Regulation.

**"Margin"** means the percentage specified as such in the relevant Final Terms.

**"Maximum Interest Amount"** means the amount specified as such in the relevant Final Terms.

**"Maximum Interest Rate"** means the interest rate specified as such in the relevant Final Terms.

**"Minimum Interest Amount"** means the amount specified as such in the relevant Final Terms.

**"Minimum Interest Rate"** means the interest rate specified as such in the relevant Final Terms.

**"Multiplier"** means the value or percentage specified as such in the relevant Final Terms.

**"Notional Amount"** means the amount specified as such in the relevant Final Terms.

**"Payment Business Day"** means:

- (i) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or



- (ii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

**"Performance of Component"** means, for the purposes of this Base Condition 3 and with respect to each Component of the Basket comprising the Reference Item:

$$\left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$$

**"Performance of Underlying"** means:

- (a) with respect to a Reference Item that is not constituted by a Basket, as specified in the applicable Final Terms:
  - (i)  $\left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$ ; or
  - (ii)  $\text{Max} \left[ 0; \left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$
- (b) with respect to a Reference Item that is constituted by a Basket, the sum of each of the following values calculated with respect to each Component:
  - (i) Performance of Component; multiplied by
  - (ii) Component Weight.

**"Performance of Underlying 1"** means for the purposes of this Base Condition 3 and with respect to Reference Item 1, as specified in the applicable Final Terms:

- (i)  $\left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$ ; or
- (ii)  $\text{Max} \left[ 0; \left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$

**"Performance of Underlying 2"** means for the purposes of this Base Condition 3 and with respect to Reference Item 2, as specified in the applicable Final Terms:

- (i)  $\left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1$ ; or
- (ii)  $\text{Max} \left[ 0; \left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$

**"Payment Currency"** means the currency specified as such in the relevant Final Terms that can be different from the currency in which the Notes were denominated.

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent.

**"Rate of Exchange"** means the rate of exchange specified as such in the relevant Final Terms;

**"Reference Banks"** means, the institutions specified as such in the relevant Final Terms or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Issuer on the advice of an investment bank of international repute.

**"Reference Item"** is the item specified as such in the relevant Final Terms;

**"Reference Item 1"** is the item, if any, specified as such in the relevant Final Terms;

**"Reference Item 2"** is the item, if any, specified as such in the relevant Final Terms;

**"Reference Obligation"** means each obligation specified as such in the relevant Final Terms or any Substitute Reference Obligation (as defined in the Credit linked Conditions).

**"Reference Obligation Currency"** means the currency in which the Reference Obligation is denominated, or such other currency specified as applicable in the relevant Final Terms.

**"Reference Price"** means the amount specified as such in the relevant Final Terms.

**"Reference Rate"** means any of EURIBOR and/or LIBOR and/or LIMEAN and/or LIBID and/or CMS as specified in the applicable Final Terms.

**"Reference Rate Multiplier"** means the percentage specified as such in the relevant Final Terms.

**"Regular Period"** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and

month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

**"Relevant Authority"** means (i) in respect of Italy, the European Central Bank, the Bank of Italy, or any successor authority having responsibility for the prudential supervision of the Issuer or the Group within the framework of the Single Supervisory Mechanism set out under Council Regulation (EU) No. 1024/2013 and in accordance with the Applicable Banking Regulations and/or, as the context may require, the Italian resolution authority, the Single Resolution Board established pursuant to the SRM Regulation, and/or any other authority in Italy or in the European Union entitled to exercise or participate in the exercise of the Italian Bail-in Power or having primary responsibility for the prudential oversight and supervision of Mediobanca from time to time; and (ii) in respect of Luxembourg, the *Commission de Surveillance du Secteur Financier*, acting in its capacity as resolution authority within the meaning of Article 3(1) of the BRRD, the Single Resolution Board established pursuant to the SRM Regulation, and/or any other authority in Luxembourg or in the European Union entitled to exercise or participate in the exercise of the Luxembourg Bail-in Power from time to time.

**"Relevant Currency"** means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

**"Relevant Financial Centre"** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Reference Rate is most closely connected or, if none is so connected, London.

**"Relevant Screen Page"** means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified as the Relevant Screen Page in the relevant Final Terms for the purpose of providing a Reference Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate.

**"Relevant Time"** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the Relevant Financial Centre **provided that** if the Relevant Currency is Euro and the Benchmark is EURIBOR, the Relevant Time shall be 11.00 am Brussels time.

**"Specified Duration"** means, with respect to any Floating Rate to be determined on an Interest Determination Date, the period specified in the relevant Final Terms.

**"Spread"** has the meaning, if any, given in the relevant Final Terms.

"**Structured Barrier Level**" means the value or the percentage specified as such in the relevant Final Terms.

"**Structured Barrier Observation Date**" means the date or the dates specified as such in the relevant Final Terms.

"**Swap Rate**" means the swap rate specified as such in the Final Terms.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET or TARGET2) System or any successor thereto.

"**TARGET Settlement Day**" means any day on which the TARGET System is open.

(b) *Interest Rate and Accrual*

Save with respect to Structured Rate Notes, each Note, in respect of each Interest Period, may or may not bear interest. For each Interest Period in respect of which the Notes bear interest, interest will accrue on its outstanding principal amount from the Interest Commencement Date at one of the following rate: Fixed Rate, Floating Rate and Structured Rate. The Interest Amount is payable in arrears on each interest payment date (each, an "**Interest Payment Date**").

The amount of interest payable in respect of each Note for any Interest Period shall be the Interest Amount as determined in accordance with Base Condition 3(j) (*Calculation of Interest Amount*) below. In respect of any short or long Interest Period as specified in the applicable Final Terms:

- (i) if the Fixed Rate Provisions apply, the Interest Amount payable for such short or long Interest Period shall be the Broken Amount specified in the relevant Final Terms; or
- (ii) if the Floating Rate Provisions apply, the Interest Rate will be determined by the Calculation Agent using the Linear Interpolation.

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Base Condition 3 (*Interest and other Calculations*) to the Relevant Date (as defined in Base Condition 6 (*Taxation*)).

(c) *Business Day Convention*

If any date referred to in these Base Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is (i) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (ii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iii) the Preceding Business Day

Convention, such date shall be brought forward to the immediately preceding Business Day.

(d) *Fixed Rate*

If the Fixed Rate Provisions are specified in the relevant Final Terms as being applicable, the Interest Rate shall be the fixed rate so specified in the relevant Final Terms.

(e) *Floating Rate*

If the Floating Rate Provisions are specified in the relevant Final Terms as being applicable, the applicable Interest Rate will be determined by the Calculation Agent on the following basis:

(i) *Screen Rate Determination*: if Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Interest Rate is to be determined, subject to Condition 3 (q) (*Benchmark replacement*) and Condition (r) (*U.S. dollar LIBOR replacement*), as provided under Condition 3 (n) (*Screen Rate Determination*);

(ii) *ISDA Determination*: if ISDA Determination is specified in the relevant Final Terms as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Notes for each Interest Period will be:

(A) if "*Multiplier*" is specified in the relevant Final Terms as not being applicable, the sum of the Margin and the relevant ISDA Rate;

(B) if "*Multiplier*" is specified in the relevant Final Terms as being applicable (i) the sum of the Margin and the relevant ISDA Rate multiplied by (ii) the Multiplier;

(C) if "*Reference Rate Multiplier*" is specified in the relevant Final Terms as being applicable, the sum of (i) Margin, and (ii) the relevant ISDA Rate multiplied by the Reference Rate Multiplier;

(D) if "*Cap*" is specified in the relevant Final Terms as being applicable, the ISDA Rate will not be higher than the Cap specified in the Final Terms;

(E) if "*Floor*" is specified in the relevant Final Terms as being applicable, the ISDA Rate will not be lower than the Floor specified in the Final Terms,

where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(A) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

- (B) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (C) the relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (2) in any other case, as specified in the relevant Final Terms.

(f) *Interest Amount on Structured Rate Notes*

If the Structured Rate Note Provisions are specified in the Final Terms as being applicable, the Interest Amount for the Interest Period(s) indicated in the Final Terms will be determined by the Calculation Agent in accordance with one of the following formulas (each a "**Structured Rate Formula**"):

- (i) *Periodical Performance*: if "*Periodical Performance*" is specified in the applicable Final Terms as being applicable, as follows:

- (A) Notional Amount multiplied by
- (B) the lower of [Cap; Max (Interest Participation Factor x Periodic Performance of Underlying<sub>t</sub>; Fixed Percentage) +/- Margin1] +/- Margin2,

where "**Periodic Performance of Underlying<sub>t</sub>**" means the Performance of the Underlying according to the relevant Period specified as such in the applicable Final Terms.

- (ii) *Performance Differential*: if "Performance Differential" is specified in the relevant Final Terms as being applicable, as follows:

- (A) if "Interest Participation Factor" is specified as not being applicable in the relevant Final Terms, by multiplying (i) the Calculation Amount by (ii):
  - (a) the difference between the Performance of Underlying 1 and the Performance of Underlying 2, or
  - (b) the greater of (1) Floor and (2) the difference between the Performance of Underlying 1 and the Performance of Underlying 2,

**provided that:** (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount.

- (B) if "Interest Participation Factor" is specified as being applicable in the relevant Final Terms, by multiplying (a) the Calculation Amount by (b) (i) the Interest Participation Factor multiplied by (ii):
  - (a) the difference between the Performance of Underlying 1 and the Performance of Underlying 2, or

- (b) the greater of (1) Floor and (2) the difference between the Performance of Underlying 1 and the Performance of Underlying 2,

**provided that:** (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount.

- (iii) *Best Performance:* if "Best Performance" is specified in the relevant Final Terms as being applicable, as follows:

- (A) if "Interest Participation Factor" is specified as not being applicable in the relevant Final Terms, by multiplying (i) the Calculation Amount by (ii):

- (a) the Best Performance of Underlying, or
- (b) the greater of (1) Floor and (2) the Best Performance of Underlying,

**provided that:** (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount;

- (B) if "Interest Participation Factor" is specified as being applicable in the relevant Final Terms, by multiplying (a) the Calculation Amount by (b) (i) the Interest Participation Factor multiplied by (ii):

- (a) the Best Performance of Underlying, or
- (b) the greater of (1) Floor and (2) the Best Performance of Underlying,

**provided that:** (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount,

where "**Best Performance of Underlying**" means the highest Performance of Component of the Basket comprising the Reference Item.

- (iv) *Worst Performance:* if "Worst Performance" is specified in the relevant Final Terms as being applicable, as follows:

- (A) if "Interest Participation Factor" is specified as not being applicable in the relevant Final Terms, by multiplying (i) the Calculation Amount by (ii):

- (a) the Worst Performance of Underlying, or
- (b) the greater of (1) Floor and (2) the Worst Performance of Underlying,

**provided that:** (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount;

- (B) if "Interest Participation Factor" is specified as being applicable in the relevant Final Terms, by multiplying (a) the Calculation Amount by (b) (i) the Interest Participation Factor multiplied by (ii):
- (a) the Worst Performance of Underlying, or
  - (b) the greater of (1) Floor and (2) the Worst Performance of Underlying,

**provided that:** (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount,

where "**Worst Performance of Underlying**" means the lowest Performance of Component of the Basket comprising the Reference Item.

- (v) *Digital Call:* if "Digital Call" is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) If a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where "**Structured Barrier Event**" means, with respect to each relevant Interest Period, that the Interest Settlement Price of the Reference Item on the Structured Barrier Observation Date or the average of the Interest Settlement Prices of the Reference Item on each of the Structured Barrier Observation Dates, as the case may be, is equal to or greater than the Structured Barrier Level.

- (vi) *Digital Put:* if "Digital Put" is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) if a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where "**Structured Barrier Event**" means, with respect to each relevant Interest Period, that the Interest Settlement Price of the Reference Item on the Structured Barrier Observation Date or the average of the Interest Settlement Prices of the Reference Items on each of the Structured Barrier Observation Dates, as the case may be, is equal to or less than the Structured Barrier Level.



(vii) *Best of Digital Call*: if "Best of Digital Call" is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) if a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where "**Structured Barrier Event**" means, with respect to an Interest Period and the Component comprised in the Basket having the highest Performance of Component in that Interest Period, that the Interest Settlement Price on the Structured Barrier Observation Date or the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates, as the case may be, of such Component is equal to or greater than the Structured Barrier Level.

(viii) *Best of Digital Put*: if "Best of Digital Put" is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) if a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where "**Structured Barrier Event**" means, with respect to an Interest Period and the Component comprised in the Basket having the highest Performance of Component in that Interest Period, that the Interest Settlement Price on the Structured Barrier Observation Date or the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates, as the case may be, of such Component is equal to or less than the Structured Barrier Level.

(ix) *Worst of Digital Call*: if "Worst of Digital Call" is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) if a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where "**Structured Barrier Event**" means, with respect to an Interest Period and the Component comprised in the Basket having the lowest Performance of Component in that Interest Period, that the Interest Settlement Price on the Structured Barrier Observation Date or the average of the Interest Settlement Prices on each of the Structured

Barrier Observation Dates, as the case may be, of such Component is equal to or greater than the Structured Barrier Level.

(x) *Worst of Digital Put*: if "Worst of Digital Put" is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, as follows:

- (A) if a Structured Barrier Event has occurred, the amount specified in the relevant Final Terms; or
- (B) if a Structured Barrier Event has not occurred, the other amount specified in the relevant Final Terms,

where "**Structured Barrier Event**" means, with respect to an Interest Period and the Component comprised in the Basket having the lowest Performance of Component in that Interest Period, that the Interest Settlement Price on the Structured Barrier Observation Date or the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates, as the case may be, of such Component is equal to or less than the Structured Barrier Level.

(xi) *European Call*: if European Call is specified in the relevant Final Terms as being applicable, as follows:

- (A) If "**Option 1**" is specified as being applicable in the relevant Final Terms, by multiplying (i) the Calculation Amount by (ii) the Spread plus (a) the Interest Participation Factor multiplied by (b) the greater of (1) Floor and (2) the Performance of Underlying.
- (B) If "**Option 2**" is specified as being applicable in the relevant Final Terms by multiplying (i) the Calculation Amount by (ii) the greater of (a) Floor and (b) the Spread plus (1) the Interest Participation Factor multiplied by (2) the Performance of Underlying.

(xii) *Range Accrual*: if Range Accrual Interest is specified in the relevant Final Terms as being applicable, the following provisions will apply.

- (A) For the purpose of this sub-paragraph (xii):

"**Fluctuation Range**": means a range of values that is to be considered in relation to the Reference Value (which may be inside or outside such range) for the purposes of the calculation of the Range Accrual Interest Amount in accordance with the applicable calculation formula. The Final Terms will specify (i) the values constituting such Fluctuation Range, or (ii) the percentages of the values constituting such Fluctuation Range to be determined as set out in the relevant Final Terms. For avoidance of doubt, the Fluctuation Range is always denominated in the same currency used for the determination of the Reference Values (even where this is a different currency from the Specified Currency). As specified in the relevant Final Terms, the lowest value of the Fluctuation Range may be equal to, or lower than, zero;

**"In Range Days"** means, in relation to a Range Accrual Interest Amount, the ratio between (i) the number of days within the Reference Period on which the Reference Value falls inside the relevant Fluctuation Range and (ii) the total number of days that constitutes the Reference Period, Expressed as formula as follows:

$$\text{In Range Days} = \frac{n}{N}$$

Where:

"n" means the number of days within the relevant Reference Period on which the Reference Value falls inside the relevant Fluctuation Range. In order to determine "n", when the Reference Value falls within the relevant Fluctuation Range, the applicable Final Terms will specify whether such Reference Value will also be considered as inside the relevant Fluctuation Range in respect of the immediately following day(s) that are not Business Day(s) (therefore, whether such day(s) will be counted as "n" day(s)); similarly, if the Reference Value on a Business Day falls outside the relevant Fluctuation Range, the applicable Final Terms will specify whether such Reference Value will also be considered as outside the relevant Fluctuation Range in respect of the immediately following day(s) that are not Business Day(s); and

"N" means the total number of days (or Business Days, as specified in the applicable Final Terms) in the relevant Reference Period.

**"In Range Yield"** means the interest rate specified in the Final Terms, used for the calculation of the Range Accrual Interest Amount for the days when the Reference Value, in relation to the relevant Range Accrual Interest Period, is within the relevant Fluctuation Range.

Such interest rate will be, as specified in the applicable Final Terms, a fixed rate, or a floating rate as increased or reduced by the Margin (if so specified in the relevant Final Terms) that would be multiplied by an Interest Participation Factor, or a rate equal to zero. Where the In Range Yield is a floating rate, the Out Range Yield will not be the same floating rate specified for the In Range Yield.

If the In Range Yield is zero, the Out Range Yield will be greater than zero.

If the In Range Yield is a fixed rate, such rate may be identical or different in relation to each Range Accrual Interest Period.

**"Margin"** means the percentage to be added or to be subtracted (as specified in the applicable Final Terms) to the In Range Yield or Out Range Yield.

The Margin may be the same throughout all the Range Accrual Interest Periods, or it may change in relation to each Range Accrual Interest Period, as specified in the applicable Final Terms.

**"Out Range Days"** means, in relation to a Range Accrual Interest Amount, the ratio between (i) the number of days within the Reference Period on which the Reference Value of the Reference Rate falls outside the relevant Fluctuation Range and (ii) the total number of days that constitutes the Reference Period, expressed as a formula as follows:

$$\text{Out Range Days} = \frac{(N - n)}{N}$$

Where:

"n" means the number of days within the relevant Reference Period on which the Reference Value falls inside the relevant Fluctuation Range. In order to determine "n", when the Reference Value falls within the relevant Fluctuation Range, the applicable Final Terms will specify whether such Reference Value will also be considered as inside the relevant Fluctuation Range in respect of the immediately following day(s) that are not Business Day(s) (therefore, whether such day(s) will be counted as "n" day(s)); similarly, if the Reference Value on a Business Day falls outside the relevant Fluctuation Range, the applicable Final Terms will specify whether such Reference Value will also be considered as outside the relevant Fluctuation Range in respect of the immediately following day(s) that are not Business Day(s); and

"N" means the total number of days (or Business Days, as specified in the applicable Final Terms) in the relevant Reference Period.

**"Out Range Yield"** means the interest rate specified in the Final Terms used for the calculation of the Range Accrual Interest Amount for the days when the Reference Value, in relation to the relevant Range Accrual Interest Period, is outside the relevant Fluctuation Range.

Such interest rate will be, as specified in the Final Terms, a fixed rate, or a floating rate (such as the yield of government securities, interbank offered rates, swap rates specified in the Final Terms) increased or reduced by the Margin (if so specified in the relevant Final Terms) that would be multiplied by an Interest Participation Factor, or a rate equal to zero. Where the Out Range Yield is a floating rate, the In Range Yield will not be the same floating rate that represents the Out Range Yield.

If the Out Range Yield is zero, the In Range Yield will be greater than zero.

If the Out Range Yield is a fixed rate, such rate may be identical or different in relation to each Range Accrual Interest Period.

**"Range Accrual Interest Amount"** means the interest amount determined as specified in this paragraph;

**"Range Accrual Interest Payment Date"** means one or more Business Day(s), specified in the applicable Final Terms, on which the Issuer shall pay, in arrear the Range Accrual Interest Amounts;

**"Reference Period"** means the period during which the level of the Reference Value will be determined, for the purposes of the calculation of the Range Accrual Interest Amount pursuant to the relevant calculation formula. The Reference Period will be specified in the Final Terms; and

**"Reference Value"** means, in relation to a Range Accrual Interest Amount, to the Underlying(s) and to any day within the relevant Reference Period, the value on such day, or the differential between the values of two Underlyings determined on such day or the differential between the values determined on different days of the Underlying which will be (i) *in the case of a Basket Constituent or single Underlying*, published by the Information Source specified in the Final Terms or, if the Information Source is not available or (ii) *in the case of a Basket*, determined in accordance with the definition of "*Basket Calculation*".

- (B) Where Range Accrual Interest is applicable, payment of interest (at the rate of interest specified in the Final Terms) will depend on whether the Reference Value of the Underlying (or the Reference Values of more than one Underlying, or the difference between the Reference Values of two Underlyings) falls inside or outside the relevant Fluctuation Range. In the first case, the interest rate will be equal to the In Range Yield specified in the applicable Final Terms; in the second case, the interest rate will be equal to the Out Range Yield specified in the applicable Final Terms.

The In Range Yield and the Out Range Yield may be equal to zero. In such case, the amount of the Range Accrual Interest Amounts will be higher than zero only when the Reference Value falls inside the Fluctuation Range (when the Out Range Yield is zero) or outside the Fluctuation Range (when the In Range Yield is zero).

Each Range Accrual Interest Amount will be paid to the Noteholder in arrears on the relevant Range Accrual Interest Payment Date. The Maturity Date may fall on the Range Accrual Interest Payment Date or, if there is more than one interest payment date, it may fall on one of the Range Accrual Interest Payment Dates.

- (C) The amount of each Range Accrual Interest Amount will be calculated by the Calculation Agent in accordance with the sub-paragraph (D) below with such amount rounded to the nearest EUR cent (with 0.005 EUR being rounded upwards) and will be equal to the product of (a) the Nominal Amount and (b) the lower of (i) the Maximum Interest Rate (if applicable); and (ii) the higher of (x) the Minimum Interest Rate (if applicable) and (y) the sum of:
- (1) a rate equal to the product of the (I) the In Range Yield, and (II) the ratio between (i) the number of days in which the Reference Value falls inside the Fluctuation Range (**In Range Days**) and (ii) the total number of days of the Reference Period; and

- (2) a rate equal to the product of (I) the Out Range Yield, and (II) the ratio between (i) the number of days in which the Reference Value falls outside the Fluctuation Range (**Out Range Days**) and (ii) the total number of days of the Reference Period.

Each Range Accrual Interest Amount may be linked to more than one Underlying. In such case, the applicable Final Terms will specify the number of Underlyings that have to fall inside or outside the Fluctuation Range, in order to determine the In Range Days and the Out Range Days. By way of example, the applicable Final Terms may indicate that, in order to determine the Range Accrual Interest Amount, the In Range Yield will be payable if at least three Underlyings out of five fall inside the Fluctuation Range. Conversely, the Out Range Yield will be payable.

Finally, it should be noted that the In Range Yield and the Out Range Yield may be the same until the Maturity Date (and identical for all the Range Accrual Interest Periods) or differ in relation to each Range Accrual Interest Period as specified in the Final Terms.

- (D) The formula applicable to the calculation of Range Accrual Interest Amounts is as follows:

$$C = NA \times \min \{ \text{Maximum Interest Rate}; \max \{ \text{Minimum Interest Rate}; [\text{In Range Yield} \times (\text{In Range Days}) + \text{Out Range Yield} \times (\text{Out Range Days})] \} \} \times \text{Day Count Fraction}$$

Where:

**C** means the Range Accrual Interest Amount;

**NA** means the Nominal Amount specified in the applicable Final Terms.

The relevant Final Terms will specify whether, for the purpose of the calculation of the Range Accrual Interest Amount, the Maximum Interest Rate and/or the Minimum Interest Rate will be applicable.

- (xiii) *Wedding Cake*: if "Wedding Cake" is specified in the relevant Final Terms as being applicable, with respect to each relevant Interest Period, the following provision will apply.

The Final Redemption Amount payable on a Wedding Cake at maturity may take up to "n" possible values, as specified in the relevant Final Terms depending on the evolution of the Reference Item during the Observation Period according to predetermined range(s).

A first range is defined as below a high Wedding Cake Barrier and above a low Wedding Cake Barrier.

A second range (if specified as applicable in the relevant Final Terms) is defined as below a second high Wedding Cake Barrier and above a second low Wedding Cake Barrier (the first range being included in the second one).

The relevant Final Terms may consider as applicable several other ranges, **provided that** each additional range shall include the previous ones.

- (A) The Interest Amount will be equal to a certain value if, within the Observation Period, the Reference Item remains within the range, excluding the Wedding Cake Barriers ("**Condition\_1**" is met).

If Condition\_1 is met: **Notional x FXR\_1**

- (B) If a second range is specified as applicable in the relevant Final Terms, the Interest Amount will be equal to a certain second value if, within the Observation Period, the Reference Item has, at least once, moved outside the first range but has remained within the second range, excluding the Wedding Cake Barriers ("**Condition\_2**" is met).

If Condition\_2 is met: **Notional x FXR\_2**

- (C) The Interest Amount will be equal to a certain "*i*<sup>th</sup>" value if, within the Observation Period, the Reference Item has, at least once, moved outside all previous ranges but has remained within the "*i*<sup>th</sup>" range, excluding the relevant Wedding Cake Barriers, as specified in the applicable Final Terms ("**Condition\_***i*" is met).

If Condition\_ *i* is met: **Notional x FXR\_ *i***

- (D) The Interest Amount will be equal to a certain "*n*" value if, within the relevant Observation Period, the Reference Item has, at least once, moved outside all previous ranges but has remained within the "*n*<sup>th</sup>" range, excluding the relevant Wedding Cake Barriers, as specified in the applicable Final Terms ("**Condition\_***N*" is met).

If Condition\_ *N* is met: **Notional x FXR\_ *n***

If no Condition and/or neither of the preceding Conditions are met, the Final Redemption Amount shall be zero.

Where:

**Observation Period** is an Observation Period as specified in the applicable Final Terms.

**FXR\_1, FXR\_2, FXR\_ *i* until FXR\_ *n*** are, if applicable, the percentages specified in the applicable Final Terms. If defined and applicable  $FXR_1 > FXR_2 > FXR_i > FXR_n \geq 0$ .

- (xiv) *Digital Dual Range Accrual*: if "*Digital Dual Range Accrual*" is specified in the applicable Final Terms as being applicable, the following provisions will apply.

For the purpose of this sub-paragraph (xiv):

**"Range"** means a range of values that is to be considered in relation to the Reference Value (which falls within such relevant range) for the purpose of the

calculation of the Digital Dual Range Accrual Interest Amount in accordance with the applicable calculation formula. The values constituting such Range will be specified in the applicable Final Terms.

**"Digital Dual Range Accrual Interest Amount"** means the interest amount determined as specified in this sub-paragraph (xiv).

**"Digital Dual Range Accrual Interest Payment Date"** means one or more Business Day(s) specified in the applicable Final Terms, on which the Issuer shall pay, in arrear, the Digital Dual Range Accrual Interest Amount.

**"Reference Period"** means the period during which the level of the Reference Value will be determined, for the purpose of the calculation of the Digital Dual Range Accrual Interest Amount pursuant to the relevant calculation formula. The Reference Period will be specified in the applicable Final Terms.

**"Reference Value"** means, in relation to a Digital Dual Range Accrual Interest Amount, to the Underlying(s) and to any day within the relevant Reference Period, the value on such day or the differential between the values of two Underlyings determined on such day or the differential between the values determined on different days of the Underlying which will be published by the Information Source specified in the Final Terms.

Where Digital Dual Range Accrual is applicable, payment of interest (at the rate of interest specified in the Final Terms) will depend whether the Reference Value of the Underlying (or the Reference Values of more than one Underlying, or the difference between the Reference Values of two Underlyings) falls within the relevant Range.

For the calculation of Digital Dual Range Interest Amounts the following formula will apply.

If the Reference Value of Underlying( $t_1$ ) and/or the Reference Value of Underlying ( $t_2$ ) are within the Range( $t_1$ ) and Range ( $t_2$ ) respectively:

$$\text{Notional Amount} * \max [\text{Floor}; (\text{Reference Rate}_1)] * \text{Day count fraction}$$

Otherwise

$$\text{Notional Amount} * \max [\text{Floor}; (\text{Reference Rate}_2)] * \text{Day count fraction}$$

Where:

**"Floor"** has the meaning, if any, given to it in the relevant Final Terms.

**"Range( $t_1$ )"** means the range between two values (lower and upper limits inclusive) as specified as such in the applicable Final Terms.

**"Range( $t_2$ )"** means the range between two values (lower and upper limits inclusive) as specified as such in the applicable Final Terms.



"**Reference Rate<sub>1</sub>**" for any day in the relevant Interest Period means the rate as specified in the applicable Final Terms.

"**Reference Rate<sub>2</sub>**" for any day in the relevant Interest Period means the rate as specified in the applicable Final Terms.

**provided that:** (i) the Floor will not be lower than zero, and (ii) the Interest Amount will not be greater than the Maximum Interest Amount and will not be less than the Minimum Interest Amount.

- (xv) *Autocallable*: if "*Autocallable*" is specified in the applicable Final Terms as being applicable, the following provisions will apply.

If this Base Conditions 3(f)(xv) is specified as applicable in the relevant Final Terms, then if the Autocall Condition is satisfied on any applicable Valuation Date during the relevant Interest Period, the Interest Amount for the relevant Interest Period will be equal to the Calculation Amount, multiplied by N, multiplied by X, and multiplied by the applicable Day Count Fraction.

If the Autocall Condition is not satisfied on applicable Valuation Date during the relevant Interest Period, the Interest Amount for the relevant Interest Period will be zero.

Where:

"N" means the number of Interest Periods that have passed up to and including the Interest Period during which the Autocall Condition is satisfied, or such other value as may be specified in the applicable Final Terms.

"X" will be the value specified in the applicable Final Terms.

The "**Autocall Condition**" means that the relevant Interest Rate exceeds the Interest Barrier Level, equals to the Interest Barrier Level, or is below the Interest Barrier Level, as specified in the applicable Final Terms.

- (xvi) "*Premium Coupon*": if "*Premium Coupon*" is specified in the relevant Final Terms as being applicable, as follows:

*Notional Amount* x  $Max[Reference\ Item(T) / Reference\ Item(o) +/- Margin; 0]$

where:

"**Reference Item(T)**" means the Final Interest Reference Level of the Reference Item on the Final Interest Valuation Date specified in the relevant Final Terms; and

"**Reference Item (o)**" means the Initial Interest Reference Level of the Reference Item on the Initial Interest Valuation Date specified in the relevant Final Terms.

- (xvii) "*Normal Performance*": if "*Normal Performance*" is specified in the relevant Final Terms as being applicable, as follows:

- (i) the Calculation Amount; multiplied by
- (ii) Factor A +/- (Interest Participation Factor multiplied by Performance of Underlying),

**provided that** the Performance of Underlying may be subject to a Floor or a Cap as specified in the applicable Final Terms and "**Factor A**" shall have the meaning given to it in the applicable Final Terms.

(xviii) "*Final Differential*": if "*Final Differential*" is specified in the relevant Final Terms as being applicable, as follows:

- (i) the Calculation Amount, multiplied by
- (ii)
  - (A) Interest Participation Factor multiplied by the lower of (1) Cap, if applicable, and (2) the greater of (a) Floor, if applicable, and (b) the difference between the Final Interest Reference Level 1 and the Final Interest Reference Level 2, or
  - (B) Interest Participation Factor multiplied by the lower of (1) Cap, if applicable, and (2) the greater of (a) Floor, if applicable, and (b) the difference between (X) the Final Interest Reference Level 1 multiplied by Gearing 1 and (Y) the Final Interest Reference Level 2 multiplied by Gearing 2.

Where:

**"Final Interest Reference Level 1"** means, with respect to the Reference Item 1 (i) if Averaging is not specified as being applicable in the Final Terms, the Interest Settlement Price on the Final Interest Valuation Date, or (ii) if Averaging is specified as being applicable in the Final Terms, the average of the Settlement Prices determined on each of the Final Valuation Dates.

**"Final Interest Reference Level 2"** means, with respect to the Reference Item 2 (i) if Averaging is not specified as being applicable in the Final Terms, the Interest Settlement Price on the Final Interest Valuation Date, or (ii) if Averaging is specified as being applicable in the Final Terms, the average of the Settlement Prices determined on each of the Final Valuation Dates.

**"Gearing 1"** means the amount specified as such in the relevant Final Terms.

**"Gearing 2"** means the amount specified as such in the relevant Final Terms.

(xix) "*CMS Differential*": if "*CMS Differential*" is specified in the relevant Final Terms as being applicable, as follows:

- (i) the Calculation Amount; multiplied by
- (ii) Min (Max (Performance Differential - Factor A; Floor); Cap).

Where:

"**Performance Differential**" means the percentage determined in accordance with the following formula:

$$\frac{(\text{Level 1} * \text{Final Interest Reference Level 1}) - (\text{Level 2} * \text{Final Interest Reference Level 2})}{\text{Level 1} - \text{Level 2}}$$

"**Level 1**" means the amount determined in accordance with the following formula:

(i) if Final Interest Reference Level 1 is different from zero:

$$\text{Max}\left(\frac{1 - (1 + \text{Final Interest Reference Level 1})^{-N1}}{\text{Final Interest Reference Level 1}}; [\text{Factor B}] * \text{Level 2}\right); \text{ or}$$

(ii) if Final Interest Reference Level 1 is equal to zero:

$$\text{Max}(N1; [\text{Factor B}] * \text{Level 2}).$$

"**Level 2**" means the amount determined in accordance with the following formula:

(i) if Final Interest Reference Level 2 is different from zero:

$$\frac{1 - (1 + \text{Final Interest Reference Level 2})^{-N2}}{\text{Final Interest Reference Level 2}}; \text{ or}$$

(ii) if Final Interest Reference Level 2 is equal to zero: N2.

"**Final Interest Reference Level 1**" means, with respect to the CMS 1 (i) if Averaging is not specified as being applicable in the Final Terms, the Interest Settlement Price on the Final Interest Valuation Date, or (ii) if Averaging is specified as being applicable in the Final Terms, the average of the Settlement Prices determined on each of the Final Valuation Dates.

"**Final Interest Reference Level 2**" means, with respect to the CMS 2 (i) if Averaging is not specified as being applicable in the Final Terms, the Interest Settlement Price on the Final Interest Valuation Date, or (ii) if Averaging is specified as being applicable in the Final Terms, the average of the Settlement Prices determined on each of the Final Valuation Dates.

"**CMS 1**" means the CMS Rate with Designated Maturity 1.

"**CMS 2**" means the CMS Rate with Designated Maturity 2.

"**Designated Maturity 1**", "**Designated Maturity 2**", "**N1**", "**N2**", "**Factor A**", "**Factor B**", "**Floor**", "**Cap**", "**Reference Currency**", "**Relevant Screen Page**" and "**Relevant Time**" shall have the meanings given to those terms in the applicable Final Terms.

If "*CMS Differential*" is specified in the relevant Final Terms as being applicable, the Notes will always be Interest Rate Linked Notes and the

Reference Item will be an Underlying Interest Rate, the Interest Rate Linked Conditions will apply, Screen Rate Determination will be specified in the applicable Final Terms as the manner in which the Underlying Reference Rate is to be determined and CMS will be specified as the Underlying Reference Rate in the applicable Final Terms.

(g) *Interest Barrier Event*

If "Interest Barrier Event" is specified as being applicable in the relevant Final Terms and an Interest Barrier Event has occurred each Note entitles its holder to receive on the Interest Barrier Payment Date(s) indicated in the relevant Final Terms the Interest Barrier Amount. If it is so specified in the relevant Final Terms (i) with effect from the date on which the Interest Barrier Event occurred, the Notes will cease to bear interest, and/or (ii) each Note shall be redeemed on the Interest Barrier Payment Date specified in the relevant Final Terms.

For the purposes of this Base Condition 3(g):

**"Interest Barrier Amount"** means the amount which the Noteholder is entitled to receive on the Interest Barrier Payment Date(s) specified in the relevant Final Terms in the Settlement Currency (if applicable) in relation to each such Note, which shall be:

- (1) the amount indicated in the relevant Final Terms; or
- (2) (i) the Calculation Amount multiplied by (ii) (Participation Factor multiplied by Performance of Underlying),

**provided that** the Interest Barrier Amount will not be greater than the Interest Barrier Maximum Amount (if any) and will not be less than the Interest Barrier Minimum Amount (if any).

**"Interest Barrier Event"** means that:

- (1) the Interest Settlement Price of the Reference Item, Reference Item 1, Reference Item 2 or the Components comprised in the Basket, as the case may be, is equal to and/or greater than the Interest Barrier Level on an Interest Barrier Observation Date or at any time during the Interest Barrier Observation Period, as specified in the relevant Final Terms; or
- (2) the Interest Settlement Price of the Reference Item, Reference Item 1, Reference Item 2 or the Components comprised in the Basket, as the case may be, is equal to and/or less than the Interest Barrier Level on an Interest Barrier Observation Date or at any time during the Interest Barrier Observation Period, as specified in the relevant Final Terms.

**"Interest Barrier Level"** means the interest barrier level specified in the relevant Final Terms.

(h) *Maximum/Minimum Interest Amount, Interest Rates, Installment Amounts and Redemption Amounts*

If any Maximum or Minimum Interest Amount, Interest Rate, Installment Amount or Redemption Amount is specified in the relevant Final Terms, then any Interest Amount, Interest Rate, Installment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(i) *Rounding*

For the purposes of any calculations required pursuant to these Base Conditions (unless otherwise specified), (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (ii) all figures will be rounded to seven significant figures (with halves being rounded up) and (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes "**unit**" means, with respect to any currency other than Euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to Euro, means one cent.

(j) *Calculations of Interest Amount*

The Interest Amount payable in respect of any Notes for an Interest Period will be determined as follows:

- (a) if Fixed Rate Provisions are specified in the relevant Final Terms as applicable and a Fixed Coupon Amount and/or, in respect of a short or long Interest Period, Broken Amount is specified in the Final Terms for that Interest Period, the Interest Amount payable on the relevant Interest Payment Date shall be the Fixed Coupon Amount and/or Broken Amount so specified;
- (b) if Fixed Rate Provisions are specified in the relevant Final Terms as applicable and Fixed Coupon Amount is specified in the Final Terms as not applicable, the Interest Amount shall be an amount calculated by the Calculation Agent by applying the Interest Rate to the Notional Amount outstanding of the Notes, multiplying the product by the relevant Day Count Fraction (unadjusted or adjusted in accordance with the Business Day Convention, as specified in the relevant Final Terms) and rounded in accordance with Base Condition 3(i) (*Rounding*). Where the Specified Denomination of a Note bearing Fixed Rate comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.
- (c) if Floating Rate Provisions are specified in the Final Terms as applicable, the Interest Amount shall be an amount calculated by the Calculation Agent by applying the Interest Rate to the Notional Amount outstanding of the Notes, multiplying the product by the relevant Day Count Fraction (unadjusted or adjusted in accordance with the Business Day Convention, as specified in the relevant Final Terms) and rounded in accordance with Base Condition 3(i) (*Rounding*);

- (d) if Structured Rate Note Provisions are specified in the Final Terms as applicable, the Interest Amount shall be an amount calculated by the Calculation Agent in accordance with one of the formulas set forth in Base Condition 3(f) (*Interest Amount on Structured Rate Notes*).
- (k) *Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Installment Amounts*

After the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Installment Amount, make any determination or calculation, it will, promptly, determine the Interest Rate and calculate the amount of interest payable (the "**Interest Amounts**") on the principal amount of the Notes for the relevant Interest Period, calculate the Redemption Amount or Installment Amount, make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Installment Amount to be notified to the Fiscal Agent, the Issuer, the Paying Agent, the holders of the Notes, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange promptly after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Base Condition 8 (*Events of Default*), the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Base Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Installment Amount, the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

- (l) *Interest Rate Switch / Switch Option*

If Interest Rate Switch is specified as being applicable in the relevant Final Terms, from and including the Interest Rate Switch Date, the Interest Rate (or formula) applicable for the calculation of the Interest Amount for the subsequent Interest Periods shall be the rate (or formula) specified as applying from and including such Interest Rate Switch Date in the Final Terms and the Interest Rate (or formula) applicable to the Notes immediately prior to the relevant Interest Rate Switch Date shall no longer apply. Prospective investors must be aware that, if so specified in the relevant Final Terms, there might be more than one Interest Rate Switch Date with the consequence that the foregoing provisions will apply in respect of each Interest Rate Switch Date.

If Switch Option Provisions are specified as applicable in the applicable Final Terms, the Issuer may, on one or more occasion, as specified in the applicable Final Terms, at its option (any such option, a **Switch Option**) and by giving notice to the Noteholders

in accordance with Base Condition 12 (*Notices*) which notice has to be received on or prior to the relevant Switch Option Expiry Date (the "**Switch Option Notice**"), change the Interest Basis of the Notes as specified in the applicable Final Terms with effect from (and including) the Switch Option Effective Date specified in the applicable Final Terms up to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to (but excluding) the next following Switch Option Effective Date), **provided that** (A) the Switch Option may be exercised only in respect of all the outstanding Notes; and (B) where the relevant Switch Option Notice has not been received by the Noteholders within the relevant Switch Option Expiry Date, the Issuer shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

This Switch Option provisions may apply in addition to the provisions on Interest Rate Switch.

**Switch Option Expiry Date** and **Switch Option Effective Date** shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option having been notified by the Issuer pursuant to this Base Condition and in accordance with Base Condition 12 (*Notices*) prior to the relevant Switch Option Expiry Date.

(m) *Dual Currency Interest Notes*

Where the Notes are specified to be Dual Currency Interest Notes, all payments of interest in respect of such Notes shall be made in a currency (the **Payment Currency**) different from the Relevant Currency. The relevant rate of exchange of the Relevant Currency into the Payment Currency (such rate of exchange, the **Reference Exchange Rate**) will be specified in the applicable Final Terms and determined in accordance with the Dual Currency Conditions set out in Chapter 12.

Where **Reference Exchange Rate** means the spot rate of exchange of the Relevant Currency into the Payment Currency (expressed as the number of units (or part units) of the Payment Currency for which one unit of the Relevant Currency can be exchanged) appearing on the FX Price Source at the Valuation Time on the Rate Calculation Date or as calculated by the Calculation Agent pursuant to the Annex A to the 1998 FX and Currency Option Definitions.

(n) *Screen Rate Determination*

I. *Screen Rate Determination for Notes bearing Floating Rate Interest other than Notes bearing CMS Rate and Constant Maturity BTP Rate*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will, subject to Base Condition 3(q) (*Benchmark replacement*) and Condition (r) (*U.S. dollar LIBOR replacement*) and subject as provided below, be either:

- (1) the offered quotation; or

- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in case of EURIBOR) on the Interest Determination Date in question (the "**Determined Rate**"), in each case multiplied by the relevant Rate Multiplier (if "Multiplier" is specified in the relevant Final Terms as being applicable), plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any), all as determined by the Calculation Agent and provided that the Interest Rate may not be less than zero and further **provided that**:

- (a) if "Reference Rate Multiplier" is specified in the relevant Final Terms as being applicable, the sum or difference (as the case may be) of Margin and the relevant Determined Rate shall be multiplied by the Reference Rate Multiplier;
- (b) if "Cap" is specified in the relevant Final Terms as being applicable, the Determined Rate will not be higher than the Cap specified in the Final Terms;
- (c) if "Floor" is specified in the relevant Final Terms as being applicable, the Determined Rate will not be lower than the Floor specified in the Final Terms.

If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of such quotations) and the lowest (or, if there is more than one lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (n)(ii)(1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, in order to determine the Interest Rate, the Issuer shall request (in the case of a determination of LIBOR) the principal London office of each of four major banks in the London inter-bank market or (in the case of a determination of EURIBOR), the principal Euro-zone office of each of four major banks in the Eurozone inter-bank market, in each case selected by the Issuer or as specified in the applicable Final Terms, to provide the Calculation Agent with its offered quotation (expressed as a percentage per annum) for the Reference Rate at approximately the time specified in the preceding paragraph on the relevant Interest Determination Date, in accordance with the provisions of the Agency Agreement.

For the purpose of this sub-paragraph (n) I., "**Interest Determination Date**", "**Margin**", "**Multiplier**", "**Reference Rate Multiplier**", "**Cap**", "**Floor**", "**Reference Rate**" and "**Relevant Screen Page**" shall have the same meanings given to those in the applicable Final Terms.



II. *Screen Rate Determination for Notes bearing Floating Rate Interest which are Notes bearing Constant Maturity BTP Rate*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined and Constant Maturity BTP Rate is specified as the Reference Rate in the applicable Final Terms, the Interest Rate for each Interest Period will, subject to Base Condition 3(q) (*Benchmark replacement*) and subject as provided below, be the gross yield before taxes of Italian government bonds with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page (or such replacement page on that service which displays the information) at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date the Relevant Screen Page (or such replacement page on that service which displays the information) is not available, the Constant Maturity BTP Rate for such Interest Determination Date shall be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, as the gross yield before taxes based on the mid-market price for Italian government bonds with a maturity of the Designated Maturity, or as close to the Designated Maturity as considered appropriate by the Calculation Agent in its discretion, and in a Representative Amount at the Specified Time on the Interest Determination Date in question and shall be the arithmetic mean of quotations obtained from three Constant Maturity BTP Reference Banks selected by the Issuer (from five such Constant Maturity BTP Reference Banks after eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)).

If on any Interest Determination Date fewer than three or none of the Constant Maturity BTP Reference Banks provides the Calculation Agent with quotations for such prices as provided in the preceding paragraph, the Constant Maturity BTP Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its discretion, in accordance with standard market practice.

Unless otherwise stated in the applicable Final Terms the Minimum Interest Rate shall be deemed to be zero.

For the purposes of this paragraph (n)(II) of Condition 3:

**"Constant Maturity BTP Reference Bank"** means the principal office of any "Specialist in Italian Government Bonds" included in the "List of Specialists in Government Bonds" (*Elenco Specialisti in Titoli di Stato*) published by the Department of Treasury (*Dipartimento del Tesoro*) from time to time.

**"Designated Maturity", "Margin", "Relevant Screen Page" and "Specified Time"** shall have the meaning given to those terms in the applicable Final Terms.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market at the relevant time.

III. *Screen Rate Determination for Notes bearing Floating Rate Interest which are Notes bearing CMS Rate*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Floating Interest Period will, subject to Base Condition 3(q) (*Benchmark replacement*) and subject as provided below, be the CMS Rate multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any), all as determined by the Calculation Agent and provided that the Interest Rate may not be less than zero.

If the Relevant Screen Page is not available, the Issuer shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately the Relevant Time on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such Floating Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its absolute discretion, in accordance with standard market practice.

For the purpose of this sub-paragraph (n) (ii):

"**CMS Rate**" shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question, all as determined by the Calculation Agent.

"**CMS Reference Banks**" means (i) where the Relevant Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Relevant Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Relevant Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Relevant Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case selected by the Calculation Agent.

"**Designated Maturity**", "**Interest Determination Date(s)**", "**Margin**", "**Rate Multiplier**", "**Relevant Currency**", "**Relevant Screen Page**" and "**Relevant Time**" shall have the meanings given to those terms in the applicable Final Terms.

"**Relevant Swap Rate**" means:

- (1) where the Relevant Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed for-

floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Floating Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**)) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

- (2) where the Relevant Currency is in Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Floating Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (3) where the Relevant Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Floating Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (4) where the Relevant Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate.

**"Representative Amount"** means any amount that is representative for a single transaction in the relevant market at the relevant time.

(o) *Multi Range Coupon Interest Rate*

This Base Condition 3(o) applies if there are two or more underlying Reference Item (*i.e.* the underlying Reference Item is a basket).

A Multi Range Coupon provides that for each Interest Period, the Notes pay an Interest Amount only if all or only some of – as specified in the applicable Final Terms – the Interest Settlement Prices of the two or more underlying Reference Item, at the Relevant Time, on the relevant Final Interest Valuation Date or during the relevant Valuation Time, are within, or equal to, the Lower Barrier and the Upper Barrier. For each period, the relevant rate can always be subject to a Floor or a Cap.

Where:

**Lower Barrier** means the value specified in the applicable Final Terms.

**Upper Barrier** means the value specified in the applicable Final Terms.

(p) *Barrier Reverse Convertible*

If "Barrier Reverse Convertible" is specified as being applicable in the relevant Final Terms, Notes bear interest on their Aggregate Nominal Amount or on their Nominal Amount for each Interest Period at the relevant Interest Rate and the respective Interest Amount will be paid on each Interest Payment Date (expressed in each case as a percentage per year).

In case of (i) Fixed Rate, the Notes will bear interest at a fixed rate specified in the applicable Final Terms; (ii) different interest rates for each Interest period, the Notes will bear interest at the different Interest Rates specified in the applicable Final Terms for the respective Interest Period; (iii) Floating Rate, the Notes will bear interest at an interest rate which corresponds to the offered rate for deposit in the Relevant Currency for the Designated Maturity. The Reference Rate is determined on the Screen Page on each Interest Determination Date and specified for the relevant Interest Period.

The respective Interest Amount to be paid is calculated by multiplying the product of the Interest Rate and the Aggregate Nominal Amount or the Nominal Amount by the Day Count Fraction.

(q) *Benchmark replacement*

Notwithstanding the provisions in Condition 3(e) (*Floating Rate*), if the Issuer (in consultation with the Calculation Agent (or the person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate and the Interest Amount(s)) determines a Benchmark Event has occurred, when any Interest Rate (or the relevant component part thereof) remains to be determined by reference to a Reference Rate, then the following provisions shall apply:

- (1) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in good faith and in a commercially reasonable manner) a Successor Rate (as defined below) or, alternatively, if the Independent Adviser and the Issuer agree that there is no Successor Rate, an Alternative Benchmark Rate and, in either case, an alternative screen page or source (the "**Alternative Relevant Screen Page**") and an Adjustment Spread (if applicable) no later than 3 Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (as applicable) (the "**IA Determination Cut-off Date**") for purposes of determining the Interest Rate applicable to the Notes for all future Interest Periods (as applicable) (subject to the subsequent operation of this Condition 3(q));
- (2) if the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser and the Issuer cannot agree upon, or cannot select a Successor Rate or an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to

the IA Determination Cut-off Date in accordance with sub-paragraph (ii) above, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine which (if any) rate has replaced the relevant Reference Rate in customary market usage for purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Specified Currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the relevant Reference Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; ***provided however that*** if this sub-paragraph (2) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this sub-paragraph (2), then the Reference Rate applicable to such Interest Period shall be equal to the Reference Rate for a term equivalent to the Relevant Interest Period published on the Relevant Screen Page as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period, in place of the margin relating to that last preceding Interest Period). For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 3(q);

- (3) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page shall be the benchmark and the Relevant Screen Page in relation to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(q));
- (4) if the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that (A) an Adjustment Spread is required to be applied to the Successor Rate or Alternative Benchmark Rate and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or Alternative Benchmark Rate for each subsequent determination of a relevant Interest Rate and Interest Amount(s) (or a component part thereof) by reference to such Successor Rate or Alternative Benchmark Rate. If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Benchmark Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Paying Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 3(q). No Noteholder consent shall be required in connection with effecting the Successor Rate or Alternative Benchmark Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Paying Agents (if required));

- (5) if a Successor Rate or an Alternative Benchmark Rate and/or Adjustment Spread is determined in accordance with the above provisions, the Independent Adviser (with the Issuer's agreement) or the Issuer (as the case may be), may also specify changes to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or Alternative Benchmark Rate and/or Adjustment Spread, which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(q)); and
- (6) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Benchmark Rate, give notice thereof and of any changes pursuant to sub-paragraph (5) above to the Calculation Agent and the Noteholders.

For the purposes of this Condition 3(q):

**"Adjustment Spread"** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Benchmark Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Benchmark Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Benchmark Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Benchmark Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer), determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

**"Alternative Benchmark Rate"** means such rate as the Independent Adviser and the Issuer acting in good faith agree has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Specified Currency, or, if the Independent Adviser and the Issuer agree that there is no such rate, such other rate as the Independent Adviser and the Issuer acting in good faith agree is most comparable to the relevant Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate.

**"Benchmark Event"** means:

- (i) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Reference Rate (as applicable) that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (v) a public statement by the supervisor of the administrator of the relevant Reference that, in the view of such supervisor, (i) such Reference Rate is no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or

it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation, if applicable).

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense.

**"Relevant Nominating Body"** means, in respect of a reference rate or screen rate (as applicable):

- (i) the central bank for the currency to which the reference rate or mid swap floating leg benchmark rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(r) *U.S. dollar LIBOR replacement*

- (1) *Benchmark Replacement.* Notwithstanding the provisions in Condition 3(e) (*Floating Rate*), if the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates.
- (2) *Benchmark Replacement Conforming Changes.* In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.
- (3) *Decisions and Determinations.* Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 3(r) (*U.S. dollar LIBOR replacement*), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party.
- (4) *Certain Defined Terms.* As used in this Condition 3(r) (*U.S. dollar LIBOR replacement*):

"**Benchmark**" means, initially, U.S. dollar LIBOR; **provided that** if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to U.S. dollar LIBOR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

"**Benchmark Replacement**" means the Interpolated Benchmark; **provided that** if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;
- (iii) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (iv) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment;



- (v) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

**"Benchmark Replacement Adjustment"** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate notes at such time.

**"Benchmark Replacement Conforming Changes"** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Tenor" when such tenor is longer, shorter than or equal to the Interest Period and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary).

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"**Compounded SOFR**" means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Issuer or its designee in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; **provided that**:
- (ii) if, and to the extent that, the Issuer or its designee determines that Compounded SOFR cannot be determined in accordance with clause (i) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

"**Corresponding Tenor**" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

**"Federal Reserve Bank of New York's Website"** means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

**"Interpolated Benchmark"** with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor.

**"ISDA Definitions"** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

**"ISDA Fallback Adjustment"** means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**"Reference Time"** with respect to any determination of the Benchmark means (1) if the Benchmark is U.S. dollar LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination, and (2) if the Benchmark is not U.S. dollar LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes.

**"Relevant Governmental Body"** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

**"SOFR"** with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

**"Term SOFR"** means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

**"Unadjusted Benchmark Replacement"** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

#### 4. **REDEMPTION, PURCHASE AND OPTIONS**

##### (a) *Definitions*

In this Base Condition 4, unless the context requires otherwise:

(i) *Redemption amount*

The expressions "**Early Redemption Amount**", "**Installment Amount**" and "**Optional Redemption Amount (Call)**" mean, in respect of any Note: (A) such amount as may be specified in the relevant Final Terms; or (B) if no such amount is specified, the principal amount of such Note.

"**Optional Redemption Amount (Put)**" means, in respect of any Note: (A) such amount as may be specified in the relevant Final Terms; (B) if the applicable Final Terms specify that "Optional Redemption Payout" is applicable, in respect of the relevant Optional Redemption Valuation Date (Put) the greater of (a) zero and (b) an amount equal to (i) the Applicable Redemption Proportion (if applicable) multiplied by (ii) the outstanding principal amount of such Note multiplied by (iii) the Final Price of the Reference Obligation(s), **provided that:** (x) if the applicable Final Terms specify that "Hedge Unwind Adjustment" is applicable, then the Optional Redemption Amount (Put) shall be adjusted upwards or downwards, as applicable, to reflect the *pro rata* Hedge Unwind Costs; or (y) if the applicable Final Terms specify that "Standard Unwind Adjustment" is applicable, then the Optional Redemption Amount (Put) shall be adjusted upwards or downwards, as applicable, to reflect the *pro rata* Standard Unwind Costs; or (C) if no amount is specified, the principal amount of such Note.

"**Optional Redemption Valuation Date (Put)**" means the date or dates specified as such in the relevant Final Terms.

"**Final Redemption Amount**" means (i) the amount as may be specified in the relevant Final Terms (ii) with respect to a Note in respect of which the relevant Final Terms specify that the Redemption/Payment Basis is Credit Linked, the amount as may be specified in the relevant Final Terms or if no such amount is specified, the outstanding principal amount of such Note or (iii) with respect to a Note in respect of which the relevant Final Terms specify that the Redemption/Payment Basis is Share Linked, Index Linked, Fund Linked, Inflation Linked, Commodity Linked, Debt Linked, Interest Rate Linked, Dual Currency Linked or FX Linked, an amount determined by the Calculation Agent in accordance with one of the following formulas (each a "**Final Redemption Formula**"):

(A) if "Periodical Performance" is specified as being the applicable Final Redemption Formula in the Final Terms:

- (i) Notional Amount; multiplied by
- (ii) the lower of [Cap; Max (Interest Participation Factor \* Periodic Performance of Underlying<sub>t</sub>; Fixed Percentage) +/- Margin1] +/- Margin2,

(B) if "Normal Performance" is specified as being the applicable Final Redemption Formula in the Final Terms:

- (i) the Calculation Amount; multiplied by

- (ii) Factor A +/- (Participation Factor multiplied by Performance of Underlying),

**provided that** the Performance of Underlying may be subject to a Floor or a Cap as specified in the applicable Final Terms and "**Factor A**" shall have the meaning given to it in the applicable Final Terms,

- (C) if "Normal Performance" is specified as being the applicable Final Redemption Formula in the Final Terms and the Reference Item is a Basket:

- (i) the Calculation Amount; multiplied by

- (ii)

- (1) 1+ the sum of each of the following values calculated with respect to each Component:

- (a) Performance of Component; multiplied by

- (b) Component Weight, or

- (2) 1+ the greater of (x) zero and (y) the sum of each of the following values calculated with respect to each Component:

- (a) Performance of Component; multiplied by

- (b) Component Weight,

- (D) if "Performance Differential" is specified as being the applicable Final Redemption Formula in the Final Terms and "Participation Factor" is specified as being applicable in the Final Terms:

- (i) the Calculation Amount; multiplied by

- (ii)  $1 + (\text{Participation Factor multiplied by } (\text{Performance of Underlying 1 minus Performance of Underlying 2})),$

- (E) if "Performance Differential" is specified as being applicable the applicable Final Redemption Formula in the Final Terms and "Participation Factor" is specified as not being applicable in the Final Terms:

- (i) the Calculation Amount; multiplied by

- (ii)  $1 + (\text{Performance of Underlying 1 minus Performance of Underlying 2});$

- (F) if "Digital Call Redemption" is specified as being the applicable Final Redemption Formula in the Final Terms:

- (i) if the Final Reference Level is equal to, or greater than, the Redemption Barrier Level

*Notional Amount x 100%*

- (ii) if the Final Reference Level is lower than the Redemption Barrier Level

*Notional Amount x (Final Reference Level / Initial Reference Level)*

- (G) if "Digital Put Redemption" is specified as being the applicable Final Redemption Formula in the Final Terms:

- (i) if the Final Reference Level is equal to, or greater than, the Redemption Barrier Level

*Notional Amount x 100%*

- (ii) if the Final Reference Level is lower than the Redemption Barrier Level

*Notional Amount x (Final Reference Level / Initial Reference Level),*

- (H) if "Final Differential Redemption" is specified as being the applicable Final Redemption Formula in the Final Terms:

- (i) Calculation Amount; multiplied by:

- (ii)

- (A) Participation Factor multiplied by the lower of (1) Cap, if applicable, and (2) the greater of (a) Floor, if applicable, and (b) the difference between the Final Reference Level 1 and the Final Reference Level 2, or

- (B) Participation Factor multiplied by the lower of (1) Cap, if applicable, and (2) the greater of (a) Floor, if applicable, and (b) the difference between (X) the Final Reference Level 1 multiplied by Gearing 1 and (Y) the Final Reference Level 2 multiplied by Gearing 2,

**provided in each case that** the Final Redemption Amount so determined in accordance with (A), (B), (C), (D), (E), (F), (G) or (H) above will not be greater than the Maximum Redemption Amount and will not be less than the Minimum Redemption Amount.

In this Base Condition 4, unless the context otherwise requires, the following defined terms shall have the meanings set out below.

**"Periodic Performance of Underlying<sub>t</sub>"** means the Performance of Underlying calculated with reference to, and according with, the relevant Interest Period.

**"Performance of Underlying"** where applicable, means, as specified in the applicable Final Terms:

(i)  $\left[ \frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1$ ;

or

(ii)  $\text{Max} \left[ 0; \left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$ .

**"Performance of Underlying 1"** where applicable, with respect to Reference Item 1 is, as specified in the applicable Final Terms:

(i)  $\left[ \frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1$ ;

or

(ii)  $\text{Max} \left[ 0; \left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$ .

**"Performance of Underlying 2"** where applicable, with respect to Reference Item 2 is, as specified in the applicable Final Terms:

(i)  $\left[ \frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1$ ;

or

(ii)  $\text{Max} \left[ 0; \left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$ .

**"Performance of Component"** where applicable, with respect to each Component of the Basket comprising the Reference Item is:

$$\left[ \frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1$$

Where:

**"Calculation Amount"** means the amount specified as such in the relevant Final Terms.

**"Component Weight"** is the weight of the relevant Component comprised in the Basket as specified in the relevant Final Terms.

**"Final Reference Level"** means (i) if Averaging is not specified as being applicable in the Final Terms, the Settlement Price on the Final Valuation Date,

or (ii) if Averaging is specified as being applicable in the Final Terms, the average of the Settlement Prices determined on each of the Final Valuation Dates.

**"Final Reference Level 1"** means in respect of Reference Item 1 (i) if Averaging is not specified as being applicable in the Final Terms, the Settlement Price on the Final Valuation Date, or (ii) if Averaging is specified as being applicable in the Final Terms, the average of the Settlement Prices determined on each of the Final Valuation Dates.

**"Final Reference Level 2"** means in respect of Reference Item 2 (i) if Averaging is not specified as being applicable in the Final Terms, the Settlement Price on the Final Valuation Date, or (ii) if Averaging is specified as being applicable in the Final Terms, the average of the Settlement Prices determined on each of the Final Valuation Dates.

**"Final Valuation Date"** is the date or the dates on which the Settlement Price is determined by the Calculation Agent in accordance with the Specific Conditions for the purposes of determining the Final Reference Level.

**"Gearing 1"** is the amount specified in the relevant Final Terms.

**"Gearing 2"** is the amount specified in the relevant Final Terms.

**"Initial Reference Level"** is the Settlement Price on the Initial Valuation Date or the value with respect to the Reference Item as may be specified in the relevant Final Terms.

**"Initial Valuation Date"** is the date on which the Settlement Price is determined by the Calculation Agent in accordance with the Specific Conditions for the purposes of determining the Initial Reference Level.

**"Notional Amount"** means the amount specified as such in the relevant Final Terms.

**"Participation Factor"** is the participation factor specified in the relevant Final Terms.

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Installment Amount, the Early Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put) or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms.

**"Reference Item"** is the reference item specified in the relevant Final Terms;

**"Reference Item 1"** is the reference item specified in the relevant Final Terms;

**"Reference Item 2"** is the reference item specified in the relevant Final Terms;



"**Settlement Price**" is the value with respect to the Reference Item, Reference Item 1, Reference Item 2 or a Component determined by the Calculation Agent on the relevant date or dates in accordance with the Specific Conditions.

(ii) *Maturity date/period*

"**Maturity Date**" means the date specified as such in the relevant Final Terms.

"**Maturity Period**" means the period from and including the Issue Date to but excluding the Maturity Date.

(iii) *Redemption Barrier Event*

If a "Redemption Barrier Event" is specified as being applicable in the relevant Final Terms and has occurred, each Note entitles its holder to receive on the Barrier Redemption Date the Barrier Redemption Amount and, if it is so specified in the relevant Final Terms, each Note shall be redeemed on the Barrier Redemption Date indicated in the Final Terms.

For the purposes of this Base Condition 4(a)(iii):

"**Barrier Redemption Amount**" means the amount which the Noteholder is entitled to receive on the Barrier Redemption Date in the Settlement Currency (if applicable) in relation to each such Note, which shall be:

- (1) the amount indicated in the relevant Final Terms; or
- (2) (i) the Calculation Amount multiplied by (ii)  $(1 + (\text{Participation Factor} \times \text{Performance of Underlying}))$ ,

**provided in each case that** the Barrier Redemption Amount will not be greater than the Barrier Maximum Amount (if any) and will not be less than the Barrier Minimum Amount (if any).

"**Barrier Redemption Date**" means the date or the dates specified as such in the relevant Final Terms.

"**Redemption Barrier Event**" means that

- (1) the Settlement Price of the Reference Item, Reference Item 1 or Reference Item 2 or the Components comprised in the Basket is equal to and/or greater than the Redemption Barrier Level on a Redemption Barrier Observation Date or at any time during the Redemption Barrier Observation Period, as specified in the relevant Final Terms; or
- (2) the Settlement Price of the Reference Item, Reference Item 1 or Reference Item 2 or the Components comprised in the Basket is equal to and/or less than the Redemption Barrier Level on a Redemption Barrier Observation Date or at any time during the Redemption Barrier Observation Period, as specified in the relevant Final Terms.

**"Redemption Barrier Level"** means the barrier level specified in the relevant Final Terms.

**"Redemption Barrier Observation Date"** means the date or the dates specified as such in the relevant Final Terms.

**"Redemption Barrier Observation Period"** means the period specified as such in the relevant Final Terms.

(b) *Maturities/Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below in accordance with Base Condition 4(e) (*Redemption at the option of the Issuer*) or 4(f) (*Redemption at the option of holders of Notes*) or unless its maturity is extended pursuant to an option of the Issuer or holders of Notes or a Redemption Barrier Event has occurred in accordance with Base Condition 4(a)(iii) above, each Note (other than any Note specified to be a Dual Currency Redemption Note in the applicable Final Terms) will be redeemed by the Issuer at its Final Redemption Amount specified in the Relevant Currency on the Maturity Date.

Unless previously redeemed, purchased and cancelled as provided below in accordance with Base Condition 4(e) (*Redemption at the option of the Issuer*) or 4(f) (*Redemption at the option of holders of Notes*) or unless its maturity is extended pursuant to an option of the Issuer or holders of Notes or a Redemption Barrier Event has occurred in accordance with Base Condition 4(a)(iii) above, each Note specified to be Dual Currency Redemption Note in the applicable Final Terms will be redeemed by the Issuer at its Final Redemption Amount specified in the relevant Payment Currency on the Maturity Date.

(c) *Redemption for taxation reasons*

If Redemption for taxation reasons is specified in the Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, on giving not less than 30 nor more than 60 days' notice to the holders of Notes (which notice shall be irrevocable), at their Early Redemption Amount (together with interest accrued to the date fixed for redemption), if (i) based on an opinion of a nationally recognised law firm or other tax adviser in the relevant Taxing Jurisdiction (as appropriate) experienced in such matters, there is more than an unsubstantial risk that the Issuer (or, if the Guarantee of the Notes were called, the Guarantor) (A) has or will become obliged to pay additional amounts as provided or referred to in Base Condition 6 (*Taxation*) or (B) has or will become subject to more than a *de minimis* additional amount of national income taxes (and/or, in the case of Mediobanca, regional tax on productive activities – IRAP) due to partial or entire limitation to the deductibility of any payments under the Notes (**provided that**, with respect to Mediobanca, as far as tax year 2017, any additional amount of national income taxes arising from a limitation of the deductibility of interest payments exceeding the 4% percentage set forth, as at the date of the Issuing and Paying Agency Agreement, in Article 96, paragraph 5-*bis* of the Italian Presidential Decree No. 917 of 22 December 1986, would be considered as exceeding the aforesaid *de minimis* additional amount), in either case as a result of (1) any change in, or amendment to, the laws or regulations of Luxembourg or any

political subdivision thereof or any agency or authority thereof or therein having power to tax (in the case of payments made by or on behalf of Mediobanca International) or the Republic of Italy or any political subdivision thereof or any agency or authority thereof or therein having power to tax (in the case of payments made by or on behalf of Mediobanca), or (2) any change in the application or official interpretation of such laws or regulations, or (3) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (for purposes of this definition, an "**Administrative Action**"), or (4) any clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the generally accepted position, in each case by any legislative body, court, governmental, administrative or regulatory authority or body, irrespective of the manner in which such clarification or change is made known, which change, amendment, Administrative Action or clarification becomes effective on or after the Issue Date, and (ii) such obligations/limitations under (A) and (B) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it which (x) do not require the Issuer (or the Guarantor, as the case may be) to incur material out-of-pocket expenses and (y) would not otherwise be disadvantageous to the Issuer or the Guarantor, as determined in their discretion; **provided that** in the case under (A) above no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then be due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by a director of the Issuer (or the Guarantor, as the case may be) stating that such Issuer (or the Guarantor, as the case may be) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of such Issuer (or the Guarantor, as the case may be) so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that there is more than an unsubstantial risk that the Issuer (or the Guarantor, as the case may be) (A) has or will become obliged to pay such additional amounts or (B) has or will become subject to more than a *de minimis* additional amount of taxes, as indicated above, due to limitation of the deductibility of payments under the Notes as a result of such change, amendment, Administrative Action or clarification.

(d) *Purchases*

The Issuer, the Guarantor and any of the Guarantor's subsidiaries may at any time purchase Notes in the open market or otherwise at any price provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith. Without prejudice to the foregoing, if so specified in the relevant Final Terms the Issuer will be entitled to exercise the option to repurchase from the holder(s), at its sole discretion, (1) all (but not part of) the Notes of the relevant Series (the "**Total Repurchase Option**") or (2) on one or more occasions, any portion of the Notes of the relevant Series, provided that in such circumstances the amount of the Notes of the relevant Series to be purchased from each holder shall be the same proportion that the Aggregate Nominal Amount of the Notes of the relevant Series that are subject to the relevant Partial Purchase Option bears to the Aggregate Nominal

Amount of all the Notes of the relevant Series then outstanding prior to the exercise of the relevant Partial Purchase Option (the "**Partial Repurchase Option**"). The Total Repurchase Option and the Partial Repurchase Option can only be exercised by the Issuer at the date(s) and the price(s) specified in the relevant Final Terms as the Total Repurchase Option date or the Partial Repurchase Option date(s) and the Total Repurchase Option amount or Partial Repurchase Option amount(s), respectively. Upon exercise of the Total Repurchase Option or the Partial Repurchase Option, the holder(s) shall be obliged to sell to the Issuer (or any other entity indicated by the Issuer) all the Notes of the Series in relation to which the Total Repurchase Option or the Partial Repurchase Option (as the case may be) is exercised.

(e) *Redemption at the option of the Issuer*

If the Call Option is specified in the relevant Final Terms as being applicable, then the following provisions will apply:

- (1) If European Style is specified in the relevant Final Terms as being applicable, then the Issuer may, on giving irrevocable prior notice to the holders of Notes which can never be less than 5 (five) Business Days and must be received by the holders of Notes no later than the last day of the notice period specified in the relevant Final Terms, redeem all or, if "Partial Redemption" is specified as applicable in the relevant Final Terms, some of the Notes. Any such redemption of Notes shall occur on the relevant Optional Redemption Date at their Optional Redemption Amount (*Call*), together with accrued interest (if any) up to such date, unless otherwise specified in the relevant Final Terms.
- (2) If American Style is specified in the relevant Final Terms as being applicable, then the Issuer may, at any time during any exercise period specified in the Final Terms which can never be less than 5 (five) Business Days (the "**Exercise Period**"), elects to redeem all or, if "Partial Redemption" is specified as applicable in the relevant Final Terms, some of the Notes, by sending a notice to the holders of Notes which notice must be received by such holders no later than the end of the relevant Exercise Period. Any such redemption of Notes shall occur on the relevant Optional Redemption Date at their Optional Redemption Amount (*Call*) together with accrued interest (if any) up to such date, unless otherwise specified in the relevant Final Terms.

In the case of a Partial Redemption, the notice to holders of Notes shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(f) *Redemption at the option of holders of Notes*

If the Put Option is specified as being applicable to the Notes in the relevant Final Terms, then the following provisions will apply:

- (1) If European Style is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the relevant Option Redemption Date at its Optional Redemption Amount (*Put*) together with accrued interest (if any) up to such date, unless otherwise

specified in the relevant Final Terms. To exercise such option, the holder must deposit such Note with any Paying Agent at its specified office, together with a duly completed option exercise notice which can never be less than 5 (five) Business Days (the "**Exercise Notice**") in the form of obtainable from any Paying Agent; the Exercise Notice must be deposited with such Paying Agent no later than the last day of the notice period specified in the relevant Final Terms. No Note so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agent Agreement) without the prior consent of the Issuer.

- (2) If American Style is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the relevant Optional Redemption Date at its Optional Redemption Amount (*Put*) together with accrued interest (if any) up to such date, unless otherwise specified in the relevant Final Terms. To exercise such option which may be exercised at any time during any exercise period specified in the relevant Final Terms which can never be less than 5 (five) Business Days (the "**Exercise Period**"), the holder must deposit such Note with any Paying Agent at its specified office, together with a duly completed option exercise notice (the "**Exercise Notice**") in the form obtainable from any Paying Agent; the Exercise Notice must be deposit with such Paying Agent no later than the end of the relevant Exercise Period. No Note so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agent Agreement) without the prior consent of the Issuer.

(g) *Redemption by installments*

Unless previously redeemed, purchased and cancelled in accordance with Base Condition 4(e) (*Redemption at the option of the Issuer*) or 4(f) (*Redemption at the option of holders of Notes*), each Note which provides for Installment Dates and Installment Amounts will be partially redeemed on each Installment Date at the Installment Amount specified on it, whereupon the outstanding principal amount of such Note shall be reduced by the Installment Amount for all purposes.

(h) *Cancellation*

Notes purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor's subsidiaries (where applicable) may be surrendered for cancellation, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor (where applicable) in respect of any such Notes shall be discharged.

(i) *Specific Buy Back Provision*

If Specific Buy Back Provisions are specified as applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer not less than 5 Business Days' notice in accordance with Base Condition 12 (which notice shall be irrevocable) to early

redeem the Note before its scheduled maturity, the Issuer may, at its sole option, upon the expiry of such notice, redeem in whole or in part such Note paying an amount that can be less than par and that is linked to the Market Value of the Underlying Transactions at that moment, together, if appropriate, with any accrued but unpaid interest. As specified above, the Issuer has the right, in its sole option, to reject the early redemption request and, in particular, if the Issuer never replies to the notice, the Issuer is deemed to have rejected the early redemption request.

If the Specific Buy Back Provisions are specified as being applicable to the Notes in the relevant Final Terms, prior to the Maturity Date the value of the Notes shall reflect and shall be calculated on the basis of the Market Value of the Underlying Transactions. The Calculation Agent may, from time to time, calculate the price of the Notes on the basis of the Market Value of the Underlying Transactions and, without prejudice to the Issuer's obligation to pay the Interest Amounts and the Redemption Amounts on the Notes, in the event that a holder requests the Issuer to repurchase the Notes held by it prior to their maturity, and the Issuer accepts such repurchase, the price of the Notes (the "**Buy Back Price**") will be a price that perfectly reflects the Market Value of such Underlying Transactions.

The Specific Buy Back Provisions may apply only to Notes where Mediobanca and/or Mediobanca International are specified as Dealers and where the principal amount in respect of such Notes is equal to, at least, Euro 100,000 (or its equivalent amount in the Specified Currency).

In addition, if Specific Buy Back Provisions are specified as applicable in the applicable Final Terms, the Issuer shall pay an additional remuneration (the "**Extra-Yield**") on the Notes. More information on the composition of the remuneration (*unbundling*) shall be published by the Issuer from time to time together with the composition of the Underlying Transactions as described below.

For the purpose of this Base Condition 4(i):

"**Buy-Back Price**" means the repurchase price of the Notes to be calculated by the Calculation Agent, on the basis of the Market Value of the Underlying Transactions.

"**Market Value**" means the close-out amount of the Underlying Transactions, including the relevant bid/ask prices for all the Notes and for any possible funding arrangement and/or coupon swap, as determined by the Calculation Agent in a fair and commercially reasonable manner.

"**Underlying Transactions**" means any possible funding arrangement and/or coupon swap and/or any of the following funded or unfunded arbitrage-like financial transactions: (i) Cash-CDS Arbitrage, (ii) Index-Components Arbitrage, and/or (iii) General Funded Arbitrage, where:

"**Cash-CDS Arbitrage**" means:

*Long (Short): Cash Instrument + Short (Long): Replicating CDS*

where:

"**Cash Instrument**" means any debt obligation (including any obligation issued by the Issuer) or basket of debt obligations, under security or loan format, with maturities and notionals that can be larger, respectively, than the Maturity Date and Notional Amount of the relevant Notes;

"**Replicating CDS**" means a credit default swap transaction having similar maturity and principal amount as the Cash Instrument, and having as a reference entity the Cash Instrument Issuer and the Cash Instrument Guarantor (including the Issuer or the Guarantor or the Issuer's parent or the Issuer's affiliate), or, in the case of Cash Instruments that are asset backed obligations or credit linked obligations, any credit entity or any credit risk embedded in such Cash Instrument.

"**Index-Components Arbitrage**" means:

*Long (Short): Credit Index + Short (Long): CDS Components*

where:

"**Credit Index**" means any of the Markit credit default swaps indices, with maturities and notionals that can be larger, respectively, than the Maturity Date and Notional Amount of the relevant Notes, and any successor and/or replacement index thereof, including, for the avoidance of doubt, the Markit iTraxx® and Markit CDX™ indices, as selected by the Calculation Agent in its sole and absolute discretion. Credit Index may also be a portfolio of credit default swap tranches summing up to a full capital structure, *i.e.* summing up to any such Markit credit default swap index.

"**CDS Components**" means a basket of single-name credit default swap transactions having similar notional, maturity, coupons and reference entity as the components of the Credit Index. CDS Components may also be a portfolio of credit default swap tranches having similar maturity, aggregate notional, aggregate coupons and aggregate reference entities as the components of the Credit Index.

"**General Funded Arbitrage**" means:

*Long (Short): Asset Instruments + Short (Long): Replicating Derivatives*

where:

"**Asset Instruments**" means any asset title instrument (including funds or obligations, also asset-backed) linked to a credit, rates, equities, commodities or currencies), with maturities and notionals that can be larger, respectively, than the Maturity Date and Notional Amount of the relevant Notes.

"**Replicating Derivatives**" means any hedging derivative contract with similar maturity and notional as the Asset Instruments, and having as underlying the Asset Instrument itself or any of its underlying financial instruments. For example: commodity certificate + future ("**cash and carry arbitrage**"), or convertible bond + CDS + equity option ("**convertible arbitrage**").

The Underlying Transactions will be selected from time to time by the Calculation Agent in its reasonable discretion and the relevant composition is subject to change during the life of the Notes. The composition of the Underlying Transactions (including

any possible funding arrangement and/or coupon swap) shall be published from time to time by the Issuer on the website [www.mediobanca.com](http://www.mediobanca.com) or on the website of the Euronext Dublin or on the website of the Luxembourg Stock Exchange or on any other means of publication, as specified in the relevant Final Terms.

(j) *Barrier Reverse Convertible structure provisions*

If Barrier Reverse Convertible provision is specified as being applicable in the relevant Final Terms, redemption of the Notes on the Maturity Date depends on (i) the occurrence of the Redemption Barrier Event and (ii) the Redemption Barrier Level.

If no Redemption Barrier Event has occurred and Barrier Reverse Convertible is specified as being applicable in the relevant Final Terms, redemption is made on the Maturity Date by payment of the Final Redemption Amount in the Relevant Currency, which corresponds to the Nominal Amount of the Notes.

If a Redemption Barrier Event has occurred redemption is made: (i) if the Final Reference Level is equal to or greater than the Initial Reference Level, by payment of the Barrier Redemption Amount in the Relevant Currency, which corresponds to the Nominal Amount of the Notes; and (ii) if the Final Reference Level is lower than the Initial Reference Level, by either delivery of a quantity of the Underlying in a quantity expressed by, and determined according to, the Ratio per Notes or payment, in the Relevant Currency, of an amount per Note equal to the Ratio multiplied by the Final Reference Level.

Where:

"**Ratio**" means *Nominal Amount / Initial Reference Level*

(k) *Reverse Convertible structure provisions*

If Reverse Convertible provision is specified as being applicable in the relevant Final Terms, redemption of the Notes on the Maturity Date depends on the Final Reference Level.

If the Final Reference Level is equal to or greater than the Strike Level, redemption is made on the Maturity Date by payment of the Final Redemption Amount in the Relevant Currency, which corresponds to the Nominal Amount of the Notes.

If the Final Reference Level is lower than the Strike Level, redemption is made on the Maturity Date by either, delivery of a quantity of the Underlying in a quantity expressed by, and determined according to, the Ratio per Notes or payment, in the Relevant Currency, of an amount per Note equal to the Ratio multiplied by the Final Reference Level.

For the purpose of this Condition 4(k):

"**Final Reference Level**" means the Settlement Price on the Final Strike Observation Date.



"**Final Strike Observation Date**" means the date specified as such in the applicable Final Terms, on which the Final Reference Level is determined by the Calculation Agent.

"**Initial Reference Level**" means the Settlement Price on the Initial Strike Observation Date

"**Initial Strike Observation Date**" means the date specified as such in the applicable Final Terms.

"**Ratio**" means *Nominal Amount / Initial Reference Level*.

"**Strike Level**" means the value or the percentage specified as such in the applicable Final Terms.

(1) *Bonus structure provisions*

If Bonus provision is specified as being applicable in the relevant Final Terms, redemption of the Notes on the Maturity Date will be calculated on the following basis:

(A) if the Final Reference Level is equal to or greater than the Initial Reference Level and the Bonus Stop (European) and the Bonus Stop (American) have not occurred:

(a) *Notional Amount \* max [(Initial Reference Level\*Bonus Factor); Final Reference Level]\*Multiplier, or*

(b) *Notional Amount \* min {(Initial Reference Level\*Bonus Cap); max [(Initial Reference Level\*Bonus Factor); Final Reference Level]}\*Multiplier*

(B) if the Final Reference Level is lower than the Initial Reference Level and the Bonus Stop (European) and the Bonus Stop (American) have not occurred:

*Notional Amount per Note, or*

(C) if the Bonus Stop (European) or the Bonus Stop (American) has occurred:

*Notional Amount\*(Final Reference Level / Initial Reference Level)*

Where:

the "**Bonus Stop (European)**" has occurred in relation to a Reference Item when the relevant Final Reference Level is lower than the Bonus Level on an Observation Date; and

the "**Bonus Stop (American)**" has occurred in relation to a Reference Item when the relevant Final Reference Level is lower than the Bonus Level at any time during the Observation Period.

"**Bonus Cap**" means the value specified as such in the relevant Final Terms.

"**Bonus Factor**" means the value or the percentage specified as such in the relevant Final Terms.

"**Bonus Level**" means the value or the percentage specified as such in the relevant Final Terms.

(m) *Autocallable structure provisions*

If the Autocallable condition is satisfied on any Valuation Date prior to the final Valuation Date, the Notes will be subject to early redemption. If the Autocall condition is not satisfied on any Valuation Date prior to the final Valuation Date, the Notes will be redeemed on the Redemption Date at an amount equal to their Final Redemption Amount.

- (A) the Notes shall be automatically redeemed early on a Barrier Payment Date at their Notional Amount, plus any remuneration amount accrued up to such date, if on such date the Final Reference Level is greater than the Autocallable Strike Level. In such event, the Final Redemption Amount shall be paid on the third Business Day following such Barrier Payment Date and will be an amount in the Relevant Currency determined by the Calculation Agent in its sole discretion in accordance with the following:

*Notional Amount \* (1+Remuneration Percentage<sub>t</sub>)*

- (B) if the Notes are not automatically early redeemed as described above, as follow:

- (a) if the Final Reference Level is equal to or greater than the Barrier Level on the Valuation Date:

*Notional Amount \* (1+Remuneration Percentage<sub>t</sub>)*

- (b) if the Final Reference Level is lower than the Barrier Level on the Valuation Date:

*Notional Amount\*Participation Factor\*(Final Reference Level / Initial Reference Level)*

Where:

"**Remuneration Percentage<sub>t</sub>**" means the Remuneration Percentage for the Remuneration Period<sub>t</sub>.

"**Remuneration Period<sub>t</sub>**" means the Remuneration Period in which the automatic early redemption event described under A) above has occurred.

(n) *Stability structure provisions*

If Stability provision is specified as being applicable in the relevant Final Terms, redemption of the Notes on the Maturity Date will be calculated on the following basis:

- (A) If Stability Break Event has occurred before the Final Valuation Date, the Final Redemption Amount will be equal to:

$$\text{Notional Amount} * \text{Max} \{0\%; 100\% - \text{Multiplier} * \text{Redemption Barrier Level} - \frac{\text{Final Reference Level}(t)}{\text{Final Reference Level}(t-1)}\}$$

- (B) If a Stability Break Event has not occurred before the Final Valuation Date, the Final Redemption Amount will be equal to:

$$100\% * \text{Notional Amount}$$

Where:

"**Stability Break Event**" is achieved if the performance of the Reference Item between two consecutive Business Days satisfies the following formula:

$$\frac{[\text{Final Reference Level}_t - \text{Final Reference Level}_{t-1}]}{\text{Final Reference Level}_{t-1}} < \text{Stability Level}$$

"**Final Reference Level<sub>t</sub>**" means the value indicated as such in the relevant Final Terms.

"**Final Reference Level<sub>t-1</sub>**" means the value indicated as such in the relevant Final Terms.

"**Stability Level**" means the value indicated as such in the relevant Final Terms.

(o) *Airbag structure provisions*

If Airbag provision is specified as being applicable in the relevant Final Terms, redemption of the Notes on the Maturity Date will be calculated on the following basis:

- (A) If the Final Reference Level is greater than, or equal to, the Initial Reference Level on the Valuation Date, regardless of whether or not an Airbag Event has occurred:

$$\text{Notional Amount} * [100\% + \text{Participation Factor} * (\frac{[\text{Final Reference Level}]}{[\text{Initial Reference Level}]} - 1)]$$

- (B) If the Final Reference Level is greater than, or equal to, the Initial Reference Level on the Valuation Date and the Airbag Cap is specified as being applicable in the Final Terms, regardless of whether or not an Airbag Event has occurred:

$$\text{Notional Amount} * \{100\% + \min [\text{Participation Factor} * \frac{[\text{Final Reference Level}]}{[\text{Initial Reference Level}]} - 1]; \text{Airbag Cap}\}$$

- (C) If the Final Reference Level is lower than the Initial Reference Level on the Valuation Date, but the Final Reference Level is greater than the Airbag Level:

$$\text{Notional Amount per Note}$$

- (D) If the Final Reference Level is lower than the or equal to the Airbag Level on the Valuation Date:

*Notional Amount \* Airbag Factor \* (Final Reference Level / Initial Reference Level)*

Where:

For the purpose of this Base Condition 4(n) the "**Airbag Event**" has occurred in relation to a Reference Item when the relevant Final Reference Level is lower than the Airbag Level on an Observation Date or at any time during an Observation Period, as specified in the applicable Final Terms.

"**Airbag Cap**" means the value specified as such in the relevant Final Terms.

"**Airbag Factor**" means the value specified as such in the relevant Final Terms.

"**Airbag Level**" means the value specified as such in the relevant Final Terms.

## 5. PAYMENTS AND TALONS

### (a) *Payments outside the United States*

Payments of principal and interest in respect of Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Installment Amounts other than on the due date for redemption and **provided that** the Receipts are presented for payment together with their relative Notes), Notes (in the case of all other payments of principal and, in the case of interest as specified in Base Condition 5(e)(vi)) or Coupons (in the case of interest, save as specified in Base Condition 5(e)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency: provided that in the case of Euro, the transfer may be to a Euro account.

### (b) *Payments in the United States*

Notwithstanding the foregoing, if any Notes are denominated in US Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

### (c) *Payments subject to law, etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Base Condition 6 (*Taxation*). No commission or expenses shall be charged to the holders of Notes or Couponholders in respect of such payments.

(d) *Appointment of Agents*

The Fiscal Agent, the Paying Agent and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agent and the Calculation Agent act solely as agents of the Issuer and the Guarantor (where applicable) and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the Guarantor (where applicable) reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Registrar or any Transfer Agent and to appoint additional or other agents provided that the Issuer will at all times maintain (i) a Fiscal Agent, (ii) a Calculation Agent where the Conditions so require one, (iii) the Issuer and the Guarantor (where applicable) will ensure that they maintain a Paying Agent in an EU member state, (iv) Paying Agents having a specified office in at least two major European cities (including Luxembourg so long as the Notes are listed on the Official List of the Euronext Dublin), and (v) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in US Dollars in the circumstances described in paragraph (b) above.

Notice of any such change or any change of any specified office will promptly be given to the holders of Notes in accordance with Base Condition 12 (*Notices*).

(e) *Unmatured Coupons and Receipts and unexchanged Talons*

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Base Condition 7 (*Prescription*)).
- (ii) If the relevant Notes so provide, upon the due date for redemption of any Note, unexpired Coupons relating to such Notes (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Note which is redeemable in installments, all Receipts relating to such Note having an Installment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

- (v) Where any Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note.

(f) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered to or to the order of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Base Condition 7 (*Prescription*)).

(g) *Non-Business Days*

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

In this Base Condition 5(g) (*Non-Business Days*):

"**Additional Financial Centre**" means the city or the cities specified as such in the relevant Final Terms; and

"**Payment Business Day**" means:

- (i) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

## 6. **TAXATION**

(a) *Gross Up*

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer or (as the case may be) the Guarantor under the Deed of Guarantee will be made without withholding or deduction for, or on the account of, any

present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Grand Duchy of Luxembourg or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of Mediobanca International) or the Republic of Italy or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of Mediobanca), unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, Receipts or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note, Receipt or Coupon or (as the case may be) under the Deed of Guarantee:

- (i) (A) to, or to a third party on behalf of, a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its having some connection (otherwise than merely by holding the Note, Receipt or Coupon) with (in the case of payments of principal and interest made by or on behalf of Mediobanca International) the Grand Duchy of Luxembourg or (in the case of payments of principal and interest made by or on behalf of Mediobanca and in respect of payments by Mediobanca under the Deed of Guarantee) the Republic of Italy; or (B) for or on account of *imposta sostitutiva* pursuant to Decree No. 239, or related implementing regulations; or (C) in all circumstances in which the requirements and procedures of Decree No. 239 and related implementing rules have not been properly and promptly met or complied with (except where due to the actions or omissions of the Issuer, the Guarantor or their agents); or (D) for or on account of withholding tax on Notes qualifying as atypical securities (*titoli atipici*) for Italian tax purposes, pursuant to Decree No. 512; or (E) to, or to a third party on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note, Receipt or Coupon by making a declaration or any other statement, including, but not limited to, a declaration of non-residence or other similar claim for exemption to the relevant taxing authority or intermediary/paying agent, but has failed to do so properly and promptly; or
- (ii) (in the case of payments of principal and interest made by or on behalf of Mediobanca and in respect of payments by Mediobanca under the Deed of Guarantee) to a holder who is a non-Italian resident or individual or legal entity which is resident in any country, state or territory which does not allow for an adequate exchange of information with the Italian tax authorities (not included in the Decree of the Minister of Finance dated 4 September 1996, as amended and supplemented from time to time and updated every six month period according to Article 11, par. 4, let. c) of Decree No. 239); or
- (iii) for any Note, Receipt or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day; or

- (iv) in the case any Luxembourg tax duties are due in relation to the voluntary registration of any Note, Receipt or Coupon when such registration is not required to maintain, preserve, establish or enforce the rights of the holder; or
- (v) (in the case of payments of principal and interest made by or on behalf of Mediobanca) where withholding or deduction is required by law pursuant to Italian Presidential Decree No. 600 of 29 September 1973 or to Italian Legislative Decree No. 512 of 30 September 1983; or
- (vi) in any case, where in the Final Terms it is expressly specified under the section entitled "Taxation" that "Gross Up" will not apply with respect to any Note, Receipt or Coupon pursuant to this point (viii) of Base Condition 6(a) (*Taxation – Gross Up*),

without prejudice to the option of the Issuer to redeem the Notes pursuant to, and subject to the conditions of, Base Condition 4(c) (*Redemption for taxation reasons*).

(b) *Taxing Jurisdiction*

If the Issuer or the Guarantor (where applicable) becomes subject at any time to any taxing jurisdiction other than the Grand Duchy of Luxembourg or the Republic of Italy respectively, references in these Base Conditions to Luxembourg or Italy shall be construed as references to the Grand Duchy of Luxembourg or (as the case may be) the Republic of Italy and/or such other jurisdiction.

As used in these Base Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Base Condition 12 (*Notices*) that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Base Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Base Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Installment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Base Condition 4 (*Redemption, Purchase and Options*) or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Base Condition 3 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts which may be payable under this Base Condition.

7. **PRESCRIPTION**

Claims against the Issuer and the Guarantor (where applicable) for payment in respect of the Notes, Receipts and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

8. **EVENTS OF DEFAULT**



If any of the following events occurs and is continuing, the holder of a Note of any Series may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (A) *Default in payment of principal or interest:* default is made for a period of five Business Days or more in the payment of any principal on any of the Notes or for a period of fifteen Business Days or more in the payment of any interest due in respect of the Notes or any of them;
- (B) *Failure to perform any other Obligation:* the Issuer or the Guarantor (where applicable) fails duly to perform any other obligation under or in respect of the Notes, the Deed of Guarantee or the Issue and Paying Agency Agreement and such failure continues for more than 30 days after the service by a holder of a Note of notice on the Issuer requiring the same to be remedied;
- (C) *General suspension of payments:* the Issuer or the Guarantor (where applicable) suspends its payments generally;
- (D) *Bankruptcy, composition or similar event:* a court in the country of domicile of the Issuer or the Guarantor (where applicable) institutes bankruptcy proceedings or composition proceedings to avert a bankruptcy or the Issuer or the Guarantor (where applicable) applies for institution of such proceedings or any event occurs which under the laws of the Republic of Italy or Luxembourg has an analogous effect to such proceedings;
- (E) *Cross-default:* (i) any other present or future indebtedness of the Issuer or the Guarantor (where applicable) for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity as a result of any payment default thereon by the Issuer or, as the case may be, the Guarantor (where applicable), or (ii) any such indebtedness is not paid when due or, as the case may be, within an applicable grace period, or (iii) the Issuer or the Guarantor (where applicable) fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of any moneys borrowed or raised provided that an event of default pursuant to this Base Condition 8(E) shall only occur if: (A) the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one of the events mentioned in paragraphs (i), (ii) or (iii) above have occurred and is continuing exceeds €35,000,000 and (B) the Issuer or the Guarantor (where applicable) is not contesting in good faith in a competent court in a recognised jurisdiction that the relevant indebtedness or guarantee and/or indemnity is due and enforceable, as appropriate;
- (F) *Insolvency:* either the Issuer or the Guarantor (where applicable) is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or the Guarantor (where applicable);

- (G) *Winding-up*: an order is made or an effective resolution is passed for the winding-up or dissolution or administration of the Issuer or the Guarantor (where applicable), or the Issuer or the Guarantor (where applicable) applies or petitions for a winding-up or administration order in respect of itself or ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purposes of and pursuant to or in connection with a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation, deconsolidation or disposal or contribution in kind of assets or branches of business;
- (H) *Ownership*: in respect of Notes issued by Mediobanca International, Mediobanca International ceases to be controlled by Mediobanca (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of Mediobanca International under the Notes).
- (I) *Illegality*: it is or will become unlawful for the Issuer or the Guarantor (where applicable) to perform or comply with any one or more of its obligations under any of the Notes or the Deed of Guarantee (where applicable); or
- (J) *Guarantee*: in respect of Notes issued by Mediobanca International, the Deed of Guarantee (where applicable) ceases to be a valid and binding obligation of the Guarantor or it becomes unlawful for the Guarantor to perform its obligations under the Deed of Guarantee or the Deed of Guarantee is claimed by Mediobanca International or the Guarantor not to be in full force and effect (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of Mediobanca International under the Notes).

## 9. MEETINGS OF HOLDERS OF NOTES AND MODIFICATIONS

### (a) *Meetings of holders of Notes*

Articles 470-3 to 470-19 of the Luxembourg law dated 10 August 1915, as amended, are not applicable to the Notes.

The Issue and Paying Agency Agreement contains provisions for convening meetings of holders of Notes to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Notes (including these Base Conditions insofar as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of Notes, whether present or not and on all relevant holders of Coupons, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Installment Date or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount or an Installment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Amount, Interest Rate, Installment Amount or Redemption Amount is shown in the Final Terms, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Redemption Amount, (vi) to vary the

currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions contained concerning the quorum required at any meeting of holders of Notes or any adjournment thereof or concerning the majority required to pass an Extraordinary Resolution, (viii) to modify the provisions which would have the effect of giving any authority, direction or sanction which under the Notes is required to be given pursuant to a meeting of holders of Notes to which the special quorum provisions apply, (ix) to take any steps which as specified in the Final Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (x) to amend the foregoing exceptions in any manner, will only be binding if passed at a meeting of the holders of Notes (or at any adjournment thereof) at which a special quorum (provided for in the Issue and Paying Agency Agreement) is present.

(b) *Modification of Issue and Paying Agency Agreement*

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Issue and Paying Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the holders of Notes.

(c) *Errors or inconsistencies*

The Issuer and the Guarantor may, without the prior consent of the holders of the Notes correct (i) any manifest error in these Base Conditions, the Specific Conditions and/or in the Final Terms, (ii) any error of a formal, minor or technical nature in these Base Conditions, the Specific Conditions and/or in the Final Terms or (iii) any inconsistency in these Base Conditions, the Specific Conditions and/or in the Final Terms between these Base Conditions, the Specific Conditions and/or in the Final Terms and any other documents prepared in connection with the issue and/or offer of a Series of Notes (provided such correction is not materially prejudicial to the holders of the relevant Series of Notes). Any such correction shall be binding on the holders of the relevant Notes and the Issuer and the Guarantor (if applicable) shall cause such correction to be notified to the holders of the Notes as soon as practicable thereafter pursuant to Base Condition 12 (*Notices*).

**10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders in accordance with Base Condition 12 (*Notices*), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 11. FURTHER ISSUES AND CONSOLIDATION

The Issuer may from time to time without the consent of the holders of Notes or Coupons create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) and so that the same shall be consolidated and form a single series with such Notes, and references in these Base Conditions to "**Notes**" shall be construed accordingly.

The Issuer may also from time to time upon not less than 30 days' prior notice to Noteholders, without the consent of the holders of Notes or Coupons of any Series, consolidate the Notes with Notes of one or more other Series (the "**Other Notes**") issued by it, provided the Notes and the Other Notes have been redenominated into Euro (if not originally denominated in Euro), and otherwise have, in respect of all periods subsequent to such consolidation, the same terms. Notice of any such consolidation will be given to the Noteholders in accordance with Base Condition 12 (*Notices*). The Fiscal Agent shall act as the consolidation agent.

With effect from their consolidation, the Notes and the Other Notes will (if listed prior to such consolidation) be listed on at least one European stock exchange on which either the Notes or the Other Notes were listed immediately prior to such consolidation.

The Issuer shall in dealing with holders of such Notes following a consolidation pursuant to this Base Condition 11 (*Further Issues and Consolidation*) have regard to the interest of the holders and the holders of the Other Notes, taken together as a class, and shall treat them alike.

## 12. NOTICES

Notices to the holders of Notes will be valid if (i) until such time as any Definitive Notes are issued, the notice is delivered to the relevant Clearing System(s), for communication by them to the holders of Notes; and (ii) if and so long as the Notes are admitted to trading on the Euronext Dublin's regulated market and listed on the Official List of the Euronext Dublin, the notice is published in accordance with the rules and regulations of the Euronext Dublin (which shall include publication in a leading newspaper having general circulation in Ireland or on the website of the Euronext Dublin ([www.ise.ie](http://www.ise.ie)) or on the website of the relevant Issuer ([www.mediobanca.it](http://www.mediobanca.it) or [www.mediobancaint.lu](http://www.mediobancaint.lu)) and the Guarantor ([www.mediobanca.it](http://www.mediobanca.it)). If any such publication is not practicable, notice will be validly given if published in another leading daily English language newspaper of general circulation in Europe.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Holders of Coupons shall be deemed for all purposes to have notice of the contents of any notice to the holders of Notes in accordance with this Condition.

## 13. SUBSTITUTION OF THE ISSUER

- (a) The Issuer and, in case of Notes issued by Mediobanca International, the Guarantor may at any time, without the consent of the holders of Notes or Coupons, substitute Mediobanca in place of Mediobanca International or Mediobanca International in place of Mediobanca (the "**Substitute**") upon notice by the Issuer, the Guarantor (in case of Notes issued by Mediobanca International) and the Substitute to be given in accordance with Base Condition 12 (*Notices*), **provided that**:
- (i) no payment in respect of the Notes, the Receipts or the Coupons or the Deed of Guarantee (as the case may be) is at the relevant time overdue;
  - (ii) the Substitute shall, by means of a deed poll in the form scheduled to the Programme Manual as Schedule 12 (the "**Deed Poll**"), agree to indemnify each holder of Notes and Coupons against any incremental tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and which would not have been so imposed or otherwise suffered by any holder of Notes, Receipts or Coupons had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
  - (iii) in respect of Notes issued by Mediobanca International, where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll, in accordance with the terms thereof;
  - (iv) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and, where applicable, of the Guarantor have been taken, fulfilled and done and are in full force and effect;
  - (v) the Substitute shall have become party to the Issue and Paying Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
  - (vi) legal opinions shall have been delivered to the Fiscal Agent and Dealers from lawyers of recognised standing in each jurisdiction referred to in (ii) above, in Italy and in England as to the fulfillment of the requirements of this Base Condition 13 (*Substitution of the Issuer*) and the other matters specified in the Deed Poll and that the Notes, Receipts, Coupons and Talons are legal, valid and binding obligations of the Substitute;
  - (vii) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;

- (viii) if applicable, the Substitute has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes.
- (b) Upon the execution of the Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Notes and the Issue and Paying Agency Agreement with the same effect as if the Substitute had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes and under the Issue and Paying Agency Agreement.
- (c) After a substitution pursuant to Base Condition 13(a) above, the Substitute may, without the consent of any holder, effect a further substitution. All the provisions specified in Base Conditions 13(a) and 13(b) above shall apply *mutatis mutandis*, and references in these Base Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute.
- (d) After a substitution pursuant to Base Condition 13(a) or 13(c) above any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*.
- (e) The Deed Poll and all documents relating to the substitution shall be delivered to, and kept by, the Fiscal Agent. Copies of such documents will be available free of charge at the specified office of the Paying Agent.

#### 14. LAW AND JURISDICTION

##### (a) *Governing Law*

If it is specified in the Final Terms that English law is applicable to the Notes, the Notes and any contractual or non-contractual obligations arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law, save that the status provisions applicable to the Notes and the contractual recognition of bail-in powers provisions, and any non contractual obligations arising out of or in connection with such provisions, shall be governed by, and construed in accordance with, Italian law (if the Notes are issued by Mediobanca, as better described in Base Condition 15 (*Acknowledgement of the Italian bail-in power*)) or Luxembourgish law (if the Notes are issued by Mediobanca International, as better described in Base Condition 16 (*Acknowledgement of the Luxembourg bail-in power*)), as applicable. If it is specified in the Final Terms that Italian law is applicable to the Notes, the Notes are governed by, and shall be construed in accordance with, Italian law. For the avoidance of doubt, Articles 470-3 to 470 19 of the Luxembourg Company Law shall not apply to the Notes.

##### (b) *Jurisdiction*

If it is specified in the Final Terms that English law is applicable to the Notes, the courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising from or connected with the Notes, whether arising out of or in connection with contractual or non-contractual obligations. If it is specified in the Final Terms that Italian law is applicable to the Notes, the Courts of Milan shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with these Notes.

(c) *Appropriate forum*

If it is specified in the Final Terms that English law is applicable to the Notes, each of the Issuer and the Guarantor (where applicable) agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

(d) *Service of notices/documents*

If it is specified in the Final Terms that English law is applicable, each of the Issuer and the Guarantor (where applicable) agree that the documents which start any proceedings relating to a Dispute ("**Proceedings**") and any other documents required to be served in relation to those Proceedings may be served on them by being delivered to Mediobanca – London Branch 33 Grosvenor Place, London SW1X 7HY United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer and the Guarantor (where applicable), the Issuer and the Guarantor (where applicable) shall, on the written demand of any Noteholder addressed and delivered to the Issuer and to the Guarantor (where applicable) or to the specified office of the Fiscal Agent appoint a further person in England to accept service of process on their behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and the Guarantor (where applicable) and delivered to the Issuer and the Guarantor (where applicable) or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

(e) *Non-applicable Base Conditions if Italian law applies to the Notes*

If it is specified in the Final Terms that Italian law is applicable, Base Conditions 14(c) (*Appropriate forum*), and 14(d) (*Service of notices/documents*) above shall not apply.

15. **ACKNOWLEDGEMENT OF THE ITALIAN BAIL-IN POWER**

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuers and the Guarantor (where applicable) and any holder, and without prejudice to Article 55(1) of the BRRD, by its acquisition of the Notes each holder (which, for the purposes of this Condition 15, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effects of the exercise of the Italian Bail-in Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (ii) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions; (iii) the cancellation of the Notes

or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

- (b) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Italian Bail-in Power by the Relevant Authority.

The exercise of the Italian Bail-in Power by the Relevant Authority shall not constitute an event of default and these Conditions shall remain in full force and effect save as varied by the Relevant Authority in accordance with this Condition 15.

## 16. **ACKNOWLEDGEMENT OF THE LUXEMBOURG BAIL-IN POWER**

Notwithstanding any provision of these Conditions or any other agreements, arrangements, or understandings between the Issuers and the Guarantor (where applicable) and any holder, and without prejudice to Article 55(1) of the BRRD, by its acquisition of the Notes each holder (which, for the purposes of this Condition 16, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effects of the exercise of the Luxembourg Bail-in Power by the Relevant Authority, which exercise may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; (ii) the conversion of all, or a portion, of the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto, into ordinary shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of these Conditions; (iii) the cancellation of the Notes or the principal amount in respect of the Notes together with any accrued but unpaid interest due thereon and any additional amounts (if any) due in relation thereto; and (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of these Conditions, as deemed necessary by the Relevant Authority, to give effect to the exercise of the Luxembourg Bail-in Power by the Relevant Authority.

The exercise of the Luxembourg Bail-in Power by the Relevant Authority shall not constitute an event of default and these Conditions shall remain in full force and effect save as varied by the Relevant Authority in accordance with this Condition 16.



## PART 2 – GENERAL FORM OF FINAL TERMS FOR NOTES

*The Final Terms in respect of each Tranche of Notes will be in the following form and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - *[Insert if the Notes are not intended to be offered to retail investors under PRIIPs regulation] The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive (UE) 2016/97 ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]*

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – *[Insert if the Notes are not intended to be offered to retail investors under UK PRIIPs regulation] The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the "FSMA") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]*

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – *Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.]*

*[UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the [Notes] is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]*

Final Terms dated [ ]

**[MEDIOBANCA - Banca di Credito Finanziario S.p.A./**

**MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.]**

**Issue of [currency] [Aggregate Nominal Amount] Notes due [maturity]  
[guaranteed in the case of Notes issued by  
MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.**

**by**

**MEDIOBANCA - Banca di Credito Finanziario S.p.A.]**

**under the**

**Structured Note Issuance Programme**

SERIES NO: [ ]

TRANCHE NO: [ ]

Issue Price: [ ] per cent.

**[Dealer(s)]**

[The Base Prospectus referred to below (as completed by [the supplement to the Base Prospectus dated [ ] and] these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**") from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a

prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer; or

- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 9 (*Non-exempt offer*) of Part B below, provided such person is one of the persons mentioned in Paragraph 9 (*Non-exempt offer*) of Part B below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]<sup>1</sup>

[The Base Prospectus referred to below (as completed by [the supplement to the Base Prospectus dated [ ] and] these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**") from the requirement to publish a prospectus for offer of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.] [The Notes cannot be sold, offered or distributed to any retail client as defined pursuant to Article 4(1), number 11] of Directive 2014/65/EU in any EEA Member State.]<sup>2</sup>

[This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 12 March 2021 [and the supplement to the Base Prospectus dated [*insert date*] [*delete if not applicable*],] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as supplemented from time to time]. Full information on the Issuer [and the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at [*address*] and [*website*] and copies may be obtained from [*address*]].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

[This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [*date of original base prospectus*]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 12 March 2021 [and the supplement to the Base Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation,

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<sup>1</sup> Include where a non-exempt offer of Notes is anticipated.

<sup>2</sup> Include where an exempt offer of Notes is anticipated.

save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] which is incorporated by reference to the Base Prospectus dated 12 March 2021. Full information on the Issuer [and the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [*date*] and 12 March 2021 [and the supplement to the Base Prospectus dated [ ]]. The Base Prospectuses [and the supplement to the Base Prospectus] [is/are] available for viewing at the registered office[s] of the Issuer [and of the Guarantor] [at [ ]].

The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Euronext Dublin, the applicable Final Terms will also be published on the website of the Euronext Dublin (*www.ise.ie*).

[A summary of the individual issue is annexed to these Final Terms.]<sup>3</sup>

*[Include whichever of the following apply or specify as "not applicable". Note that the numbering should remain as set out below, even if individual items are deleted.]*

*[When completing any final terms, consideration should be given as to whether such terms or information constitute "significant new factor" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £ 100,000 or its equivalent in any other currency.]*

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<sup>3</sup> Include only where a non-exempt offer of Notes is anticipated.

## PART A – GENERAL

1. (i) Series Number: [ ]
- [(ii) Tranche Number: [ ]
- [(iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[identify earlier tranches]* on [the Issue Date] [exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 27 below, which is expected to occur on or about *[date]*] [Not Applicable]
- (Only relevant if the Notes are fungible with an existing Series).]*
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount of Notes admitted to trading:
- (i) Series: [ ]
- [(ii) Tranche: [ ]
- [The Aggregate Nominal Amount will not exceed [ ] and will be determined at the end of the Offer Period (as defined in paragraph [11] of Part B below).]
4. Issue Price: [[ ] per Note] [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
5. (i) Specified Denominations: [ ] [and integral multiples of [ ] in excess thereof up to and including [ ]. No Notes in definitive form will be issued with a denomination above [ ].]
- (Notes including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of the Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption*

value of £ 100,000 (or its equivalent in other currencies).)

- (ii) Calculation Amount: [ ] (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)
- (iii) Notional Amount: [●][Not Applicable]
6. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
7. Maturity Date: [Specify date or Interest Payment Date falling in relevant month and year.]
- (If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £ 100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.)
8. Interest Basis: [[ ] per cent. per annum Fixed Rate]  
[[ ] per cent. per annum Fixed Rate with respect to the Interest Period(s) [ ]]
- [[EURIBOR] [LIBOR] [LIBID]  
[LIMEAN] [Constant Maturity BTP Rate]  
[CMS] +/- [ ] per cent. per annum Floating Rate] [[[EURIBOR] [LIBOR]  
[LIBID] [LIMEAN] [Constant Maturity BTP Rate] [CMS] +/- [ ] per cent. per annum Floating Rate with respect to the Interest Period [ ]]
- [Structured Rate](further particulars specified below at paragraph 18)

[Dual Currency] (*further particulars specified below at paragraph 36*)

9. Redemption/Payment Basis:

[Redemption at par]

[Installment]

[Dual Currency]

[Share Linked]

[Index Linked]

[Fund Linked]

[Credit Linked]

[Inflation Linked]

[Commodity Linked]

[Debt Linked]

[Interest Rate Linked]

[FX Linked]

[Physical Delivery]

*(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Regulation and the requirements of Annex 17 to the Commission Delegated Regulation (EU) 2019/980 will apply)*

10. Interest Rate Switch:

[Applicable – Base Condition 3(1) *Interest Rate Switch*) shall apply]

[Not Applicable – Base Condition 3(1) *Interest Rate Switch*) shall not apply]

Interest Rate Switch Date:

[ ] [Not Applicable] [*Insert description of Interest Rate Switch*]

11. Put/Call Options:

[Not Applicable]

[Investor Put]

[Issuer Call]

*[(further particulars specified below at paragraphs 21 and/or 23)]*

12. [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [ ] [and [ ], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related guarantee of the Notes)*
13. Method of distribution: [Syndicated/Non-syndicated]
14. [Taxation: [Gross Up is applicable pursuant to paragraph (viii) of Base Condition 6(a) (Taxation - Gross Up)]  
[Gross Up is not applicable pursuant to paragraph (viii) of Base Condition 6(a) (Taxation - Gross Up)]
15. Governing Law: [English law applicable]  
[Italian law applicable]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. **Fixed Rate Provisions:** [Applicable]/[Applicable, subject to paragraph 20 (*Switch Option Provision*) below]/[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Rate(s): [ ] per cent. per annum, payable [annually/semi-annually/quarterly/monthly] in arrear  
*(insert the sub-paragraph below in case Interest Rate Switch applies)*  
[ ] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear] in respect of the Interest Period(s) [\*][\*]; [ ] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear] in respect of the Interest Period(s) [\*][\*]



New Rate of Interest:

*(insert if Credit Linked Notes applies)*

[Not Applicable] [Applicable, the New Rate of Interest shall be calculated according to the following formula:

$$\frac{N - n}{N - \text{Protected Defaulted Reference Entities}}$$

Where:

"N" indicates the number of Reference Entities comprised in the Reference Portfolio, equal to [●];

"n" indicates the number of Reference Entities in respect of which a Credit Event has occurred from the Credit Observation Start Date, until the date on which a Credit Event has occurred in respect of any Defaulted Credit.

For the avoidance of doubt, ongoing coupons will be calculated as:

*New Rate of Interest \* Tranche Notional Amount \*(N-n)/(N- Protected Defaulted Reference Entities)]*

- (ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with Business Day Convention]/not adjusted]
- (iii) Interest Accrual Dates(s): [The Interest Accrual Dates are [ ] in each year up to and including the Maturity Date.] [The Interest Accrual Dates shall be the Interest Payment Dates.] [other]
- (iv) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount payable on [each Interest Payment Date] [the Interest Payment Date falling in [ ]]/[Not Applicable] [*insert "Not Applicable" in case the Interest Amount has to be calculated in accordance with Base Condition 3(a) (Definitions)*]
- (v) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- [Not Applicable.] (*There is no long or short Interest Period*)

- (vi) Business Day Convention: [Following Business Day Convention  
[Modified Following Business Day  
Convention] [Preceding Business Day  
Convention]
- (vii) Day Count Fraction: [1/1] [Actual/Actual] [Actual/Actual  
(ISDA)] [Actual/Actual (ICMA)]  
[Actual/365 (Fixed)] [Actual/360] [30/360]  
[360/360] [Bond Basis] [30E/360]  
[Eurobond Basis] [30E/360 (ISDA)]  
[Unadjusted] [Adjusted in accordance with  
Business Day Convention]
- 17. Floating Rate Provisions:** [Applicable]/[Applicable, subject to  
paragraph 20 (*Switch Option Provision*)  
below]/[Not Applicable]
- (If not applicable, delete the remaining  
sub-paragraphs of this paragraph.)*
- (i) Interest Payment Dates: [ ] in each year [adjusted in accordance  
with Business Day Convention]/[Not  
adjusted]
- (ii) Interest Accrual Dates(s): [The Interest Accrual Dates are [ ] in each  
year up to and including the Maturity  
Date.] [The Interest Accrual Dates shall be  
the Interest Payment Dates.]/[other]
- (iii) Business Day Convention: [Following Business Day Convention]  
[Modified Following Business Day  
Convention] [Preceding Business Day  
Convention] [Adjusted] [Unadjusted]
- (iv) Additional Business Centre(s): [Not Applicable]/[ ] (*specify*)
- (v) Manner in which the Rate(s) of [Screen Rate Determination/ISDA  
Interest is/are to be determined: Determination]
- [Screen Rate Determination and ISDA  
Determination]
- (insert such wording in the case where  
"Interest Rate Switch" applies and the  
manner in which the Interest Rate is to be  
determined is not the same for all the  
Interest Periods)*
- (vi) Screen Rate Determination: [Applicable]/[Applicable, in respect of the  
Interest Period(s) (*insert such wording in*

*case "Interest Rate Switch" applies and Screen Determination Rate applies but only in respect of some Interest Period(s)])/[Not Applicable]*

*(If not applicable, delete the remaining sub-paragraphs of this paragraph (vi))*

- Reference Rate: [EURIBOR] [LIBOR] [LIBID] [LIMEAN] [Constant Maturity BTP Rate] [CMS] / [EURIBOR] [LIBOR] [LIBID] [Constant Maturity BTP Rate] [LIMEAN] [CMS] in respect of the Interest Period(s) [ ]; [EURIBOR] [LIBOR] [LIBID] [LIMEAN] [CMS] [Constant Maturity BTP Rate] in respect of the Interest Period(s) [ ]; [ ] *(insert such wording in case "Interest Rate Switch" applies and the Reference Rate is not the same for all Interest Periods)*
  
- Specified Duration: [ ]  
*(insert the wording below in case "Interest Rate Switch" applies and the Specified Duration is not the same for all Interest Periods)*  
  
[ ] in respect of the Interest Period(s) [ ]; [ ] in respect of the Interest Period(s) [ ]; [ ]  
  
[Not Applicable]
  
- Multiplier: [Applicable]  
  
[ ]  
*(insert the wording below in case "Interest Rate Switch" applies and the Multiplier is not the same for all Interest Periods)*  
  
[ ] in respect of the Interest Period(s) [ ]; [ ] in respect of the Interest Period(s) [ ]; [ ]  
  
[Not Applicable]
  
- Reference Rate Multiplier: [Applicable]  
  
[ ]

*(insert the wording below in the case where "Interest Rate Switch" applies and the Reference Rate Multiplier is not the same for all Interest Periods)*

[ ] in respect of the Interest Period(s) [ ]; [ ] in respect of the Interest Period(s) [ ]; [ ]

[Not Applicable]

- Cap: [Applicable.

[ ]

*(insert the wording below in case "Interest Rate Switch" applies and the Cap is not the same for all Interest Periods)*

[ ] in respect of the Interest Period(s) [ ]; [ ] in respect of the Interest Period(s) [ ]; [ ]

[Not Applicable]

- Floor: [Applicable

[ ]

*(insert the wording below in case "Interest Rate Switch" applies and the Floor is not the same for all Interest Periods)*

[ ] in respect of the Interest Period(s) [ ]; [ ] in respect of the Interest Period(s) [ ]; [ ]

[Not Applicable]

- Interest Determination Date(s): [The Interest Determination Date in respect of each Interest Period is [the first day of each Interest Period] [the second day on which TARGET2 is open prior to the first day of each Interest Period] [the day falling two Banking Days prior to the first day of each Interest Period] [ ]/[other] [Typically second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second TARGET Settlement

*Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)]*

*(in the case of CMS Rate where the Relevant Currency is in Euro or a Constant Maturity BTP Rate): [typically second day on which TARGET2 System is open prior to the start of each Interest Period]*

*(in the case of CMS Rate where the Relevant Currency is other than Euro): [typically second [specify type of day] prior to the start of each Interest Period]*

- Relevant Screen Page: *[For example, Reuters page EURIBOR01/[\*]]*

*(In the case of Constant Maturity BTP Linked Interest Notes, specify relevant screen page[, which is expected to be Bloomberg page GBTPGRN Index, where N is the Designated Maturity,] and any applicable headings and captions)*

- Relevant Time: *[For example, 11.00 a.m. [London / Brussels] time / [\*]]*

- Relevant Financial Centre: *[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro/[\*])]*

- Designated Maturity: *[ ] / [ ] for the Interest Period(s) [ ]; [ ] for the Interest Period(s) [ ]; (insert such wording in case "Interest Rate Switch" or "Constant Maturity BTP Rate" applies and the applicable Designated Maturity is not the same for all the Interest Periods) / [Not Applicable]*

- Specified Time: *[●][Not Applicable]*

- (vii) ISDA Determination: *[Applicable]/[Applicable with respect to the Interest Period(s) [ ] (insert such wording in case "Interest Rate Switch" applies and ISDA Determination applies but only in respect of some Interest Period(s))]/[Not Applicable]*

*(If not applicable, delete the remaining sub-paragraphs of this paragraph (vii) (ISDA Determination))*

- Multiplier: [Applicable  
[ ]  
*(insert the wording below in case "Interest Rate Switch" applies and the Multiplier is not the same for all Interest Periods)*  
[ ] in respect of the Interest Period(s) [ ]; [ ] in respect of the Interest Period(s) [ ]; [ ]  
[Not Applicable]
  
- Reference Rate Multiplier: [Applicable  
[ ]  
*(insert the wording below in the case where "Interest Rate Switch" applies and the Reference Rate Multiplier is not the same for all Interest Periods)*  
[ ] in respect of the Interest Period(s) [ ]; [ ] in respect of the Interest Period(s) [ ]; [ ]  
[Not Applicable]
  
- Cap: [Applicable.  
[ ]  
*(insert the wording below in case "Interest Rate Switch" applies and the Cap is not the same for all Interest Periods)*  
[ ] in respect of the Interest Period(s) [ ]; [ ] in respect of the Interest Period(s) [ ]; [ ]  
[Not Applicable]
  
- Floor: [Applicable  
[ ]

*(insert the wording below in case "Interest Rate Switch" applies and the Floor is not the same for all Interest Periods)*

[ ] in respect of the Interest Period(s) [ ]; [ ] in respect of the Interest Period(s) [ ]; [ ]

[Not Applicable]

- Floating Rate Option: [ ]/[ ] for the Interest Period(s) [ ]; [ ] for the Interest Period(s) [ ]; *(insert such wording in case "Interest Rate Switch" applies and the applicable Floating Rate Option is not the same for all the Interest Periods)/* [Not Applicable]

- Designated Maturity: [ ]/[ ] for the Interest Period(s) [ ]; [ ] for the Interest Period(s) [ ]; *(insert such wording in case "Interest Rate Switch" or "CMS" applies and the applicable Designated Maturity is not the same for all the Interest Periods)/* [Not Applicable]

- Reset Date(s): [ ]/[ ] for the Interest Period(s) [ ]; [ ] for the Interest Period(s) [ ]; *(In case "Interest Rate Switch" applies and the applicable Reset Dates are not the same for all the Interest Periods)/* [Not Applicable]

*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period. In the case of Constant Maturity BTP Linked Interest Notes or CMS Linked Interest Notes, if based on euro the first day of the Interest Period and if other, to be checked)*

(viii) Margin(s): [[+/-][ ] per cent. per annum]

(ix) Minimum Interest Rate: [ ]/[ ] for the Interest Period(s) [ ]; [ ] for the Interest Period(s) [ ]; *(insert such wording in case "Interest Rate Switch" applies and the applicable Minimum Interest Rate is not the same for all the Interest Periods)/* [Not Applicable]

(x) Maximum Interest Rate: [ ]/[ ] for the Interest Period(s) [ ]; [ ] for the Interest Period(s) [ ]; *(insert*

*such wording in case "Interest Rate Switch" applies and the applicable Maximum Interest Rate is not the same for all the Interest Periods)/ [Not Applicable]*

- (xi) Day Count Fraction: [1/1] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Unadjusted] [Adjusted in accordance with the Business Day Convention]
- (xii) Interest calculation method for short or long Interest Periods: [Linear Interpolation, in respect of the Interest Period beginning on (and including) [ ] and ending on (but excluding) [ ]]
- [Not Applicable – there are no short or long Interest Periods]
- (xiii) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) (if not the Fiscal Agent): [ ] [Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)
18. **Structured Rate Provisions:** [Applicable]/[Applicable, subject to paragraph 21 (Switch Option Provision) below]/[Not Applicable]
- Structured Rate Formula:** (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) **Periodical Performance:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (insert such wording in case "Interest Rate Switch" applies and the Normal Performance applies but only in respect of some Interest Period(s))]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- [ ] [Notional Amount \* Min[Cap; Max (Interest Participation Factor \* Periodic Performance of Underlying<sub>t</sub>; Fixed Percentage) +/- Margin<sub>1</sub>] +/- Margin<sub>2</sub>]
- Interest Amount:



- Interest Participation Factor: [ ] / [Not Applicable]
- Cap: [ ] / [Not Applicable]
- Underlying(s): [*specify name and details of the underlying(s)*]
- Periodic Performance of the Underlying: [ ]
- Fixed Percentage: [ ] / [Not Applicable]
- Margin<sub>1</sub>: [ ] / [Not Applicable]
- Margin<sub>2</sub>: [ ] / [Not Applicable]
- Interest Payment Date(s): [ ]

- Day Count Fraction: [1/1] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Unadjusted] [Adjusted in accordance with the Business Day Convention]

**(ii) Performance Differential:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Performance Differential applies but only in respect of some Interest Period(s)*)]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Interest Amount: *Calculation Amount \* [(Interest Participation Factor \*][the greater of (i) Floor and (ii)] (Performance of Underlying 1 – Performance of Underlying 2))*
- Interest Participation Factor: [ ] [Not Applicable]
- Floor: [ ]

- Reference Item 1: [ ] [from the [Issue Date] [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] and [from the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [Maturity Date]] [ ]
  - Reference Item 2: [ ] [from the [Issue Date] [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] and [from the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [Maturity Date]] [ ]
  - Interest Settlement Price: [ ] [*specify for each of Reference Items 1 and Reference Items 2 in accordance with the Specific Conditions*]
  - Initial Interest Reference Level: [ ] [With respect to Reference Item 1 and Reference Item 2, the Interest Settlement Price on the Initial Interest Valuation Date.]
  - Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Interest Averaging Dates].
  - Initial Interest Valuation Date: [ ] [Not Applicable]
  - Final Interest Valuation Date: [ ] [Not Applicable]
  - Averaging: [Applicable] [Not Applicable]
  - Interest Averaging Dates: [ ] [Not Applicable]
- (iii) **Best Performance:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Best Performance applies but only in*

*respect of some Interest Period(s)]]/Not Applicable]*

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Interest Amount: Calculation Amount \* [(Interest Participation Factor) \*] [the greater of (i) Floor and (ii)] (Best Performance of Underlying)
- Interest Participation Factor: [ ] [Not Applicable]
- Floor: [ ]
- Component[s]: [ ]
- Component[s] Weight[s]: [ ]
- Interest Settlement Price: [ ] [*specify for each Component in accordance with the Specific Conditions*]
- Initial Interest Reference Level: [ ] [With respect to each Component, the Interest Settlement Price on the Initial Interest Valuation Date.]
- Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Date].
- Initial Interest Valuation Date: [ ] [Not Applicable]
- Final Interest Valuation Date: [ ] [Not Applicable]
- Averaging: [Applicable] [Not Applicable]
- Interest Averaging Dates: [ ] [Not Applicable]
- (iv) **Worst Performance:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Worst Performance applies but only in respect of some Interest Period(s)]]/Not Applicable]*

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Interest Amount: Calculation Amount \* [(Interest Participation Factor) \*] [the greater of (i) Floor and (ii)] (Best Performance of Underlying)
  - Interest Participation Factor: [ ] [Not Applicable]
  - Floor: [ ]
  - Component[s]: [ ]
  - Component[s] Weight[s]: [ ]
  - Interest Settlement Price: [ ] [*specify for each Component in accordance with the Specific Conditions*]
  - Initial Interest Reference Level: [ ]
  - Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates]
  - Initial Interest Valuation Date: [ ] [Not Applicable]
  - Final Interest Valuation Date: [ ] [Not Applicable]
  - Averaging: [Applicable] [Not Applicable]
  - Interest Averaging Dates: [ ] [Not Applicable]
- (v) **Digital Call:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Digital Call applies but only in respect of some Interest Period(s))*]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- [Digital Call Periods:] [From the [Issue Date] [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the "[\*] **Digital Call Period**") [and] [from the [Issue Date] [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the " [\*] **Digital Call Period**")]. (*specify for each Digital Call Period*)

(*N.B. only relevant in case of more than one Digital Call Period*)
- [\*] Digital Call Period:] (*specify the following sub-paragraphs for each Digital Call Period*)
- Interest Amount: [ ] if a Structured Barrier Event has occurred and [ ] if a Structured Barrier Event has not occurred.
- Structured Barrier Event: A Structured Barrier Event has occurred if [the Interest Settlement Price of the Reference Item on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices of the Reference Item on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [greater than] the Structured Barrier Level.
- Reference Item: [ ] [from the [Issue Date] [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] to the [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] and [from the [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] to the [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] [Maturity Date]] [with respect to the [\*] Digital Call Period] [ ]
- Interest Settlement Price: [ ] [*specify for Reference Item in accordance with the Specific Conditions*]

- Structured Barrier [ ]  
Observation Date[s]:
  - Structured Barrier Level: [ ]
- (vi) **Digital Put:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Digital Put applies but only in respect of some Interest Period(s))*]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [Digital Put Periods:] [From the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the " [\*] **Digital Put Period**") [and] [from the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the " [\*] **Digital Put Period**")]. (*specify for each Digital Put Period*)
- (N.B. only relevant in case of more than one Digital Put Period)*
- [[\*] Digital Put Period:] (*specify the following sub-paragraphs for each Digital Put Period*)
  - Interest Amount: [ ] if a Structured Barrier Event has occurred and [ ] if a Structured Barrier Event has not occurred.
  - Structured Barrier Event: A Structured Barrier Event has occurred if [the Interest Settlement Price of the Reference Item on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices of the Reference Item on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [less than] the Structured Barrier Level.
  - Reference Item: [ ] [from the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date

falling on [\*][Switch Option Date] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*][Switch Option Date] and [from the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*][Switch Option Date] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*][Switch Option Date] [Maturity Date]] [with respect to the [\*] Digital Put Period] [ ]

- Interest Settlement Price: [ ] [*specify for each Reference Item in accordance with the Specific Conditions*]
- Structured Barrier Observation Date[s]: [ ]
- Structured Barrier Level: [ ]

**(vii) Best of Digital Call:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Best of Digital Call applies but only in respect of some Interest Period(s))*]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- [Best of Digital Call Periods:] [From the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the " [\*] **Best of Digital Call Period**") [and] [from the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the " [\*] **Best of Digital Call Period**")]. (*specify for each Best of Digital Call Period*)

*(N.B. only relevant in case of more than one Best of Digital Call Period)*

- [[\*] Best of Digital Call Period:] (*specify the following sub-paragraphs for each Best of Digital Call Period*)

- Interest Amount: [ ] if a Structured Barrier Event has occurred and [ ] if a Structured Barrier Event has not occurred.
- Structured Barrier Event: A Structured Barrier Event has occurred if, with respect to an Interest Period and the Component comprised in the Basket having the highest Performance of Component in that Interest Period, [the Interest Settlement Price on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [greater than] the Structured Barrier Level.
- Performance Underlying: of  $\left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right]$   
 $\left[ \text{Max} \left[ 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right] \right]$
- Component[s]: [ ]
- Component[s] Weight[s]: [ ]
- Interest Settlement Price: [ ] [*specify for Reference Item in accordance with the Specific Conditions*]
- Structured Barrier Observation Date[s]: [ ]
- Structured Barrier Level: [ ]
- Initial Interest Reference Level: [ ] [With respect to each Component, the Interest Settlement Price on the Initial Interest Valuation Date.]
- Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].
- Initial Interest Valuation Date: [ ] [Not Applicable]
- Final Interest Valuation Date: [ ] [Not Applicable]



• Averaging: [Applicable] [Not Applicable]

• Interest Averaging Dates: [ ] [Not Applicable]

(viii) **Best of Digital Put:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Best of Digital Put applies but only in respect of some Interest Period(s))*]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

• [Best of Digital Put Periods:] [From the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the "[\*] **Best of Digital Put Period**") [and] [from the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the "[\*] **Best of Digital Put Period**")]. (*specify for each Best of Digital Put Period*)

*(N.B. only relevant in case of more than one Best of Digital Put Period)*

• [[\*] Best of Digital Put Period:] (*specify the following sub-paragraphs for each Best of Digital Put Period*)

• Interest Amount: [ ] if a Structured Barrier Event has occurred and [ ] if a Structured Barrier Event has not occurred.

• Structured Barrier Event: A Structured Barrier Event has occurred if, with respect to an Interest Period and the Component comprised in the Basket having the highest Performance of Component in that Interest Period, [the Interest Settlement Price on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [less than] the Structured Barrier Level.

- Performance Underlying: of  $\left[ \frac{[\text{Final Interest Reference Level}]}{[\text{Initial Interest Reference Level}]} - 1 \right]$   
 $[\text{Max } [0; \frac{[\text{Final Interest Reference Level}]}{[\text{Initial Interest Reference Level}]}] - 1]$
  - Component[s]: [ ]
  - Component[s] Weight[s]: [ ]
  - Interest Settlement Price: [ ] [*specify for Reference Item in accordance with the Specific Conditions*]
  - Structured Barrier Observation Date[s]: [ ]
  - Structured Barrier Level; [ ]
  - Initial Interest Reference Level: [ ] [With respect to each Component, the Interest Settlement Price on the Initial Interest Valuation Date.]
  - Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].
  - Initial Interest Valuation Date: [ ] [Not Applicable]
  - Final Interest Valuation Date[s]: [ ] [Not Applicable]
  - Averaging: [Applicable] [Not Applicable]
  - Interest Averaging Dates: [ ] [Not Applicable]
- (ix) Worst of Digital Call:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Worst of Digital Call applies but only in respect of some Interest Period(s)*)]/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [Worst of Digital Call Periods:] [From the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate

Switch Date] [Interest Payment Date falling on [\*]] [(the "[\*] **Worst of Digital Call Period**") [and] [from the [Issue Date] [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the "[\*] **Worst of Digital Call Period**")]. (*specify for each Worst of Digital Call Period*)

(*N.B. only relevant in case of more than one Worst of Digital Call Period*)

- **[[\*] Worst of Digital Call Period:]** (*specify the following sub-paragraphs for each Worst of Digital Call Period*)
- **Interest Amount:** [ ] if a Structured Barrier Event has occurred and [ ] if a Structured Barrier Event has not occurred.
- **Structured Barrier Event:** A Structured Barrier Event has occurred if, with respect to an Interest Period and the Component comprised in the Basket having the lowest Performance of Component in that Interest Period, [the Interest Settlement Price on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [greater than] the Structured Barrier Level.
- **Performance Underlying:** of 
$$\left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right]$$
  

$$\left[ \text{Max} \left[ 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right] \right]$$
- **Component[s]:** [ ]
- **Component[s] Weight[s]:** [ ]
- **Interest Settlement Price:** [ ] [*specify for Reference Item in accordance with the Specific Conditions*]
- **Structured Barrier Observation Date[s]:** [ ]
- **Structured Barrier Level:** [ ]

- Initial Interest Reference Level: [ ] [With respect to each Component, the Interest Settlement Price on the Initial Interest Valuation Date.]
  - Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].
  - Initial Interest Valuation Date: [ ] [Not Applicable]
  - Final Interest Valuation Date[s]: [ ] [Not Applicable]
  - Averaging: [Applicable] [Not Applicable]
  - Interest Averaging Dates: [ ] [Not Applicable]
- (x) **Worst of Digital Put:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Worst of Digital Put applies but only in respect of some Interest Period(s))*]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [Worst of Digital Put Periods:] [From the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the "[\*] **Worst of Digital Put Period**") [and] [from the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [(the "[\*] **Worst of Digital Put Period**")]. (*specify for each Worst of Digital Put Period*)
- (N.B. only relevant in case of more than one Worst of Digital Put Period)*
- [[\*] Worst of Digital Put Period:] (*specify the following sub-paragraphs for each Worst of Digital Put Period*)

- Interest Amount: [ ] if a Structured Barrier Event has occurred and [ ] if a Structured Barrier Event has not occurred.
- Structured Barrier Event: A Structured Barrier Event has occurred if, with respect to an Interest Period and the Component comprised in the Basket having the lowest Performance of Component in that Interest Period, [the Interest Settlement Price on the Structured Barrier Observation Date] [the average of the Interest Settlement Prices on each of the Structured Barrier Observation Dates] is [equal to] [and] [/] [or] [less than] the Structured Barrier Level.
- Performance Underlying: of 
$$\left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right]$$
  
$$\left[ \text{Max} \left[ 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right] \right]$$
- Component[s]: [ ]
- Component[s] Weight[s]: [ ]
- Interest Settlement Price: [ ] [*specify for Reference Item in accordance with the Specific Conditions*]
- Structured Barrier Observation Date[s]: [ ]
- Structured Barrier Level: [ ]
- Initial Interest Reference Level: [ ] [With respect to each Component, the Interest Settlement Price on the Initial Interest Valuation Date.]
- Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].
- Initial Interest Valuation Date[s]: [ ] [Not Applicable]
- Final Interest Valuation Date[s]: [ ] [Not Applicable]

- Averaging: [Applicable] [Not Applicable]
  - Interest Averaging Dates: [ ] [Not Applicable]
- (xi) **European Call:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the European Call applies but only in respect of some Interest Period(s))*]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Option 1** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of Option 1)*
- Interest Amount: Calculation Amount \* [(Spread plus)[Interest Participation Factor] \* (the greater of (i) Floor and (ii) Performance of Underlying)]
  - Initial Interest Reference Level: [ ] [With respect to the Reference Item, the Interest Settlement Price on the Initial Interest Valuation Date.]  
  
*[[for Inflation Linked Notes only] The Index Level reported for the Initial Index Level Month]*
  - Final Interest Reference Level: [The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].]  
  
*[[for Inflation Linked Notes only] The Index Level reported for the Final Index Level Month.]*
  - Initial Interest Valuation Date: [ ] [Not Applicable]
  - Final Interest Valuation Date[s]: [ ] [Not Applicable]
  - Averaging: [Applicable] [Not Applicable]

- Interest Averaging Dates: [ ] [Not Applicable]
- Reference Item: [ ] [from the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] and [from the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [Maturity Date]] [ ]
- Interest Participation Factor: [ ]
- Floor: [ ]
- Spread: [ ]

**Option 2**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of Option 2)*

- Interest Amount: Calculation Amount \* (the greater of (i) Floor and (ii) [Spread plus][([Interest Participation Factor] \* Performance of Underlying)[)])
- Initial Interest Reference Level: [ ] [With respect to the Reference Item, the Interest Settlement Price on the Initial Interest Valuation Date.]  
  
*[[for Inflation Linked Notes only] The Index Level reported for the Initial Index Level Month.]*
- Final Interest Reference Level: [The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Final Interest Valuation Dates].]  
  
*[[for Inflation Linked Notes only] The Index Level reported for the Final Index Level Month.]*
- Initial Interest Valuation Date: [ ] [Not Applicable]

- Final Interest Valuation Date[s]: [ ] [Not Applicable]
  - Averaging: [Applicable] [Not Applicable]
  - Interest Averaging Dates: [ ] [Not Applicable]
  - Reference Item: [ ] [from the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] and [from the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]] [Maturity Date]] [ ]
  - Interest Participation Factor: [ ]
  - Floor: [ ]
  - Spread: [ ]
- (xii) Range Accrual:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Range Accrual applies but only in respect of some Interest Period(s)*)]/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Range Accrual Interest Period: [ ]
  - Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
  - Day Count Fraction: [1/1] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]



[Unadjusted] [Adjusted in accordance with the Business Day Convention]

- Range Accrual Interest Payment Date(s): [ ]
- Minimum Interest Rate: [[ ] per cent. per annum]/[Not Applicable]
- Maximum Interest Rate: [[ ] per cent. per annum]/[Not Applicable]
- Underlying(s): [*specify name and details of the underlying(s)*]

Reference Period: [ ]

Information Source: [ ]

Provisions for calculating the Reference Value in the case of market disruption event or adjustment event or incorrect values published by the Information Source: [*Need to include a description of market disruption events, adjustments provisions and incorrect values published by the information source*]

- Fluctuation Range: [ ]
- In Range Yield: [ ]
- In Range Days: [ ]

Interest Participation Factor: [ ]

Margin: [Not Applicable]/[[+/-] [ ] per cent. per annum]

- Out Range Yield: [ ]
- Out Range Days: [ ]

Interest Participation Factor: [ ]

Margin: [Not Applicable]/[[+/-] [ ] per cent. per annum]

**(xiii) Wedding Cake:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Wedding Cake applies but only in*

*respect of some Interest Period(s)]]/Not Applicable]*

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Underlying(s): *[specify name and details of the underlying(s)]*
- Notional(i): *[insert number]*
- Observation Period(s): *[Specify an observation period with a final date which falls on, or is no later than, the payment date for the interest period i]*
  - FXR\_1: *[Not Applicable]/[ ] per cent.*
  - FXR\_2: *[ ] per cent.*
  - FXR\_i: *[ ] per cent.*
  - FXR\_n: *[ ] per cent.*

**(xiv) Digital Dual Range Accrual:** *[Applicable]/[Applicable in respect of the Interest Period(s) [ ] (insert such wording in case "Interest Rate Switch" applies and the Digital Dual Range Accrual applies but only in respect of some Interest Period(s)]]/Not Applicable]*

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Digital Dual Range Accrual Interest Period: *[ ]*
- Digital Dual Range Accrual Interest Payment Date(s): *[ ]*
- Business Day Convention: *[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]*
- Day Count Fraction: *[1/1] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]*

[Unadjusted] [Adjusted in accordance with the Business Day Convention]

- Underlying(s): [specify name and details of the underlying(s)]

Reference Period: [ ]

Information Source: [ ]

Provisions for calculating the Reference Value in the case of market disruption event or adjustment event or incorrect values published by the Information Source: [Need to include a description of market disruption events, adjustments provisions and incorrect values published by the information source]

- Reference Value of the Underlying(t<sub>1</sub>): [ ]

- Reference Value of the Underlying(t<sub>2</sub>): [ ]

- Range(t<sub>1</sub>) [ ]

- Range(t<sub>2</sub>) [ ]

- Reference Rate<sub>1</sub> [ ]

- Reference Rate<sub>2</sub> [ ]

- Floor: [ ] / [Not Applicable]

(xv) **Autocall Condition:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Autocallable applies but only in respect of some Interest Period(s)*)]/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Underlying(s): [specify name and details of the underlying(s)]

- Interest Amount: Calculation Amount \* N \* X \* Day Count Fraction

- N: [ ]
- X: [ ]
- Interest Payment Date(s): [ ]
- Day Count Fraction: [1/1] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Unadjusted] [Adjusted in accordance with the Business Day Convention]

**(xvi) Premium Coupon:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Premium Coupon applies but only in respect of some Interest Period(s))*]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Underlying(s): [*specify name and details of the underlying(s)*]
- Initial Interest Reference Level: [ ]
- Final Interest Reference Level: [ ]
- Initial Interest Valuation Date: [ ]
- Final Interest Valuation Date: [ ]
- Interest Payment Date(s): [ ]
- Reference Item(T): [ ]
- Reference Item(o): [ ]

**(xvii) Normal Performance:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Normal Performance applies but only*

*in respect of some Interest Period(s))//Not Applicable]*

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Interest Amount: *Calculation Amount \* Factor A [+ ] [- ] (Interest Participation Factor \* Performance of Underlying)*
  
- Performance Underlying: of  $\left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right]$   
 $\left[ \text{Max} \left[ 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right] \right]$   

[The Performance of Underlying shall not be lower than the Floor] [and]

[The Performance of Underlying shall not be higher than the Cap]
  
- Floor: [ ] [Not applicable]
  
- Cap: [ ] [Not applicable]
  
- Factor A: [ ]
  
- Interest Participation Factor: [ ]
  
- Reference Item: [ ] [from the [Issue Date] [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] and [from the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] to the [[\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] [Maturity Date]] [ ]
  
- Interest Settlement Price: [ ] [*specify accordance with the Specific Conditions*]
  
- Initial Interest Reference Level: [ ] [With respect to Reference Item, the Interest Settlement Price on the Initial Interest Valuation Date.]

- Final Interest Reference Level: The [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Interest Averaging Dates].
- Initial Interest Valuation Date: [ ] [Not Applicable]
- Final Interest Valuation Date: [ ] [Not Applicable]
- Averaging: [Applicable] [Not Applicable]
- Interest Averaging Dates: [ ] [Not Applicable]

**(xviii) Final Differential:**

[Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Final Differential applies but only in respect of some Interest Period(s))*]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Interest Amount: *[Calculation Amount \* Interest Participation Factor \* Min(Cap; Max(Floor; Final Interest Reference Level 1 - Final Interest Reference Level 2))]*

*[Calculation Amount \* Interest Participation Factor \* Max(Floor; Final Interest Reference Level 1 - Final Interest Reference Level 2)]*

*[Calculation Amount \* Interest Participation Factor \* Min(Cap; Final Interest Reference Level 1 - Final Interest Reference Level 2)]*

*[Calculation Amount \* Interest Participation Factor \* (Final Interest Reference Level 1 - Final Interest Reference Level 2)]*

*[Calculation Amount \* Interest Participation Factor \* Min(Cap; Max(Floor; (Final Interest Reference Level*

$1 * \text{Gearing } 1) - (\text{Final Interest Reference Level } 2 * \text{Gearing } 2)))]$

$[\text{Calculation Amount} * \text{Interest Participation Factor} * \text{Max}(\text{Floor}; (\text{Final Interest Reference Level } 1 * \text{Gearing } 1) - (\text{Final Interest Reference Level } 2 * \text{Gearing } 2)))]$

$[\text{Calculation Amount} * \text{Interest Participation Factor} * \text{Min}(\text{Cap}; (\text{Final Interest Reference Level } 1 * \text{Gearing } 1) - (\text{Final Interest Reference Level } 2 * \text{Gearing } 2)))]$

$[\text{Calculation Amount} * \text{Interest Participation Factor} * ((\text{Final Interest Reference Level } 1 * \text{Gearing } 1) - (\text{Final Interest Reference Level } 2 * \text{Gearing } 2)))]$

- Interest Participation Factor: [ ]
- Gearing 1: [ ] [Not applicable]
- Gearing 2: [ ] [Not applicable]
- Floor: [ ] [Not applicable]
- Cap: [ ] [Not applicable]
- Reference Item 1: [ ] [from the [Issue Date] [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] to the [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] and [from the [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] to the [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] [Maturity Date]] [ ]
- Reference Item 2: [ ] [from the [Issue Date] [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] to the [\*] Interest Rate Switch Date] [Interest Payment Date falling on [\*]][Switch Option Date] and [from the [\*] Interest Rate Switch Date] [Interest Payment Date

falling on [\*][Switch Option Date] to the  
[[\*] Interest Rate Switch Date] [Interest  
Payment Date falling on [\*][Switch  
Option Date] [Maturity Date]] [ ]

- Interest Settlement Price: [ ] [*specify accordance with the Specific Conditions*]
- Final Interest Reference Level 1: With respect to Reference Item 1, the [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Interest Averaging Dates].
- Final Interest Reference Level 2: With respect to Reference Item 2, the [average of the] Interest Settlement Price[s] [on the Final Interest Valuation Date] [determined on each of the Interest Averaging Dates].
- Final Interest Valuation Date: [ ] [Not Applicable]
- Averaging: [Applicable] [Not Applicable]
- Interest Averaging Dates: [ ] [Not Applicable]

**(xix) CMS Differential:** [Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the CMS Differential applies but only in respect of some Interest Period(s))*]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Designated Maturity 1: [●]
- Designated Maturity 2: [●]
- N1: [●]
- N2: [●]
- [Factor A]: [●]
- [Factor B]: [●]



• Floor: [●]

• Cap: [●]

**(xx) General:** *(the following apply generally to all the Structured Rate Provisions from (i) to (xv) above)*

• Interest Barrier Event: [Applicable. An Interest Barrier Event will occur if the Interest Settlement Price of [the Reference Item] [Reference Item 1][Reference Item 2][the Component[s] comprised in the Basket] is [equal to] [and] [ / ] [or] [greater than][less than] the Interest Barrier Level on [an Interest Barrier Observation Date][at any time during the Interest Barrier Observation Period.] [Upon the occurrence of an Interest Barrier Event the Notes [cease to bear interest from] [and/or] [will be redeemed early on [ ] [the Interest Barrier Payment Date falling on [ ]].]

[Not Applicable] *(If not applicable, delete the remaining sub-paragraphs from (a) to (d) below)*

(a) Interest Barrier Amount: [ ]

[Calculation Amount multiplied by (1+(Participation Factor multiplied by Performance of Underlying))]

(b) Performance of Underlying: 
$$\left[ \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right]$$

$$\left[ \text{Max} \left[ 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right] \right]$$

(c) Interest Barrier Level: [ ]

(d) Interest Barrier Payment Date[s]: [ ]

(e) Interest Barrier: [ ]  
Observation Period:

• Maximum Interest Amount: [ ] [Not Applicable]

- Minimum Interest Amount: [ ] [Not Applicable]
- Interest Payment Date(s): [ ]
- First Interest Payment Date: [ ]
- Interest Accrual Dates(s): [The Interest Accrual Dates are [ ] in each year up to and including the Maturity Date.] [The Interest Accrual Dates shall be the Interest Payment Dates.]
- Business Day Convention: [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [adjusted] [unadjusted]
- [Additional Business Centre(s):] [Not Applicable]
- Party responsible for calculating the Interest Amount(s) (if not the Fiscal Agent): [ ] [Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)

19. **Barrier Reverse Convertible Provisions:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Interest Amount: [ ] {[Fixed][Floating][Structured] Rate \* [Aggregate Nominal Amount]/[Nominal Amount]} \* Day Count Fraction}
- Interest Payment Date(s): [ ]
- Day Count Fraction: [1/1] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Unadjusted] [Adjusted in accordance with the Business Day Convention]

20. **Switch Option Provisions:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- **Switch Option:** [specify details of change(s) in Interest Basis and the relevant Interest Period to which the change(s) in Interest Basis applies (N.B. the Issuer must give notice of the exercise of the Switch Option to Noteholders on or prior to the relevant Switch Option Expiry Date)]
  
- **Switch Option Expiry Date:** [ ]
  
- **Switch Option Effective Date(s):** [ ]

## **PROVISIONS RELATING TO REDEMPTION**

- 21. Call Option:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) **European Style:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- **Notice Period(s):** [ ]
- (ii) **American Style:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- **Exercise Period(s):** [ ]
- (iii) **Optional Redemption Date(s):** [ ]
- (iv) **Optional Redemption Amount(s) (Call):** [ ] per Calculation Amount
- (v) **Partial Redemption:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (vi) **Minimum Redemption Amount** [[ ] per Calculation Amount]  
[Not Applicable]

- (vii) Maximum Redemption Amount [[ ] per Calculation Amount] [Not Applicable]
22. **Redemption for taxation reasons:** [Applicable/Not Applicable]
23. **Put Option:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) **European Style:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Notice Period(s): [ ]
- (ii) **American Style:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Exercise Period(s): [ ]
- (iii) Optional Redemption Date(s): [ ]
- (iv) Optional Redemption Valuation Date (*Put*) [ ] [Not Applicable]
- (v) Optional Redemption Amount(s) (*Put*): [[ ] per Calculation Amount] / [Optional Redemption Payout]
- (vi) Minimum Redemption Amount [[ ] per Calculation Amount] [Not Applicable]
- (vii) Maximum Redemption Amount [[ ] per Calculation Amount] [Not Applicable]
24. **Autocallable Provision:** [Applicable] / [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Underlying(s): [specify name and details of the underlying(s)]
  - Formula: if the Notes are not automatically redeemed early on a Barrier Payment Date then:

Notional Amount \* (1+Remuneration Percentage<sub>t</sub>)

if the Notes are automatically redeemed early as described above then:

*[if the Final Reference Level is equal to or greater than the Barrier Level on the Valuation Date:*

Notional Amount \* (1+Remuneration Percentage<sub>t</sub>)

*[if the Final Reference Level is lower than the Barrier Level on the Valuation Date:*

Notional Amount\*Participation Factor\*(Final Reference Level / Initial Reference Level)

- Barrier Payment Date(s): [ ]
- Autocallable Strike Level: [ ]
- Remuneration Percentage<sub>t</sub>): [ ]
- Barrier Level: [ ]
- Initial Reference Level: [ ]
- Final Reference Level: [ ]
- Participation Factor: [ ]
- Barrier Redemption Amount: [ ]

**25. Bonus Provision:**

[Applicable]/[Applicable in respect of the Interest Period(s) [ ] (*insert such wording in case "Interest Rate Switch" applies and the Bonus applies but only in respect of some Interest Period(s)*)]/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Underlyings: [*specify name and details of the underlying(s)*]

- Formula: *[If the Final Reference Level is equal to or greater than the Initial Reference Level and the Bonus Stop (European) and the Bonus Stop (American) have not occurred:*

$$\frac{[\text{Notional Amount} * \max \{(\text{Initial Reference Level} * \text{Bonus Factor}); \text{Final Reference Level}\}] * \text{Multiplier}}{[\text{Notional Amount} * \min \{(\text{Initial Reference Level} * \text{Bonus Cap}); \max \{(\text{Initial Reference Level} * \text{Bonus Factor}); \text{Final Reference Level}\}\}] * \text{Multiplier}}$$

OR

*[If the Final Reference Level is lower than the Initial Reference Level and the Bonus Stop (European) and the Bonus Stop (American) have not occurred:*

Nominal Amount per Notes

*[If the Bonus Stop (European) or the Bonus Stop (American) has occurred:*

$$\text{Notional Amount} * (\text{Final Reference Level} / \text{Initial Reference Level})$$

- Initial Reference Level: [ ]
- Final Reference Level: [ ]
- Bonus Factor: [ ]
- Multiplier: [ ]
- Bonus Level: [ ]
- Bonus Cap: [ ]
- Observation Date(s): [ ]
- Observation Period(s): [ ]

26. **Airbag Provision:** [Applicable] [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

• Underlying(s): *[specify name and details of the underlying(s)]*

• Formula: *[If the Final Reference Level is greater than, or equal to, the Initial Reference Level on the Valuation Date, regardless of whether or not an Airbag Event has occurred:*

$$\text{Notional Amount} * [100\% + \text{Participation Factor} * (\frac{[\text{Final Reference Level}]}{[\text{Initial Reference Level}]} - 1)]$$

OR

*[If the Final Reference Level is greater than, or equal to, the Initial Reference Level on the Valuation Date and the Airbag Cap is specified as being applicable in the Final Terms, regardless of whether or not an Airbag Event has occurred:*

$$\text{Notional Amount} * \{100\% + \min [\text{Participation Factor} * (\frac{[\text{Final Reference Level}]}{[\text{Initial Reference Level}]} - 1); \text{Airbag Cap}]\}$$

OR

*[If the Final Reference Level is lower than the Initial Reference Level on the Valuation Date, but the Final Reference Level is greater than the Airbag Level:*

*Notional Amount per Note*

OR

*[If the Final Reference Level is lower than the or equal to the Airbag Level on the Valuation Date:*

$$\text{Notional Amount} * \text{Airbag Factor} * (\text{Final Reference Level} / \text{Initial Reference Level})$$

• Airbag Cap: [ ] / [Not Applicable]

• Participation Factor: [ ]

• Airbag Level: [ ]

- Initial Reference Level: [ ]
- Final Reference Level: [ ]
- Multiplier: [ ]
- Airbag Factor: [ ]
- Observation Date(s): [ ] / [Not Applicable]
- Observation Period(s): [ ] / [Not Applicable]

27. **Stability Provision:** [Applicable] [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Underlying(s): [*specify name and details of the underlying(s)*]

- Formula: [*If Stability Break Event has occurred before the Final Valuation Date, the Final Redemption Amount will be equal to:*

$$\text{Notional Amount} * \text{Max} \{0\%; 100\% - \text{Multiplier} * \text{Redemption Barrier Level} - \left(\frac{\text{Final Reference Level}(t)}{\text{Final Reference Level}(t-1)}\right)\}$$

*[If a Stability Break Event has not occurred before the Final Valuation Date, the Final Redemption Amount will be equal to:*

$$100\% * \text{Notional Amount}$$

- Stability Break Event: [ ] [*[(Final Reference Level<sub>t</sub> – Final Reference Level<sub>t-1</sub>)/ Final Reference Level<sub>t-1</sub>] < Stability Level]*

- Stability Level: [ ]

- Redemption Barrier Level: [ ]

- Multiplier: [ ]

- Initial Reference Level: [ ]

- Final Reference Level<sub>t</sub>: [ ]



<ul style="list-style-type: none"> <li>• Final Reference Level<sub>t-1</sub>:</li> </ul>	<p>[ ]</p>
<p>28. <b>Barrier Reverse Convertible Provision:</b></p>	<p>[Applicable] [Not Applicable]</p> <p><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p>
<ul style="list-style-type: none"> <li>• Underlying(s):</li> </ul>	<p>[specify name and details of the underlying(s)]</p>
<ul style="list-style-type: none"> <li>• Formula:</li> </ul>	<p><i>[If no Redemption Barrier Event has occurred</i></p> <p>Nominal Amount per Note</p> <p><i>[If a Redemption Barrier Event has occurred and the Final Reference Level is [equal to] [or] [greater than] the Initial Reference Level</i></p> <p>Nominal Amount per Note</p> <p><i>[If a Redemption Barrier Event has occurred and the Final Reference Level is lower than the Initial Reference Level</i></p> <p>[[quantity] Ratio per Notes]</p> <p>[[amount] Ratio multiplied by the Final Reference Level per Note]</p>
<ul style="list-style-type: none"> <li>• Ratio:</li> </ul>	<p>[ ]</p>
<ul style="list-style-type: none"> <li>• Redemption Barrier Level:</li> </ul>	<p>[ ]</p>
<ul style="list-style-type: none"> <li>• Initial Reference Level:</li> </ul>	<p>[ ]</p>
<ul style="list-style-type: none"> <li>• Final Reference Level:</li> </ul>	<p>[ ]</p>
<p><b>Reverse Convertible Provision:</b></p>	<p>[Applicable] [Not Applicable]</p>
<ul style="list-style-type: none"> <li>• Underlying(s):</li> </ul>	<p>[specify name and details of the underlying(s)]</p>
<ul style="list-style-type: none"> <li>• Formula:</li> </ul>	<p><i>[If the Final Reference Level is [equal to] [or] [greater than] the Strike Level</i></p> <p>Nominal Amount per Note</p>

*[If the Final Reference Level is lower than the Strike Level*

[[quantity] Ratio per Notes]

[[amount] Ratio multiplied by the Final Reference Level per Note]

- Ratio: [ ]
- Strike Level: [ ]
- Initial Reference Level: [ ]
- Final Reference Level: [ ]

29. **Final Redemption Amount of each Note** [[ ] per Calculation Amount]

*(Insert the above if the Notes are Credit Linked Notes)*

*(If the Notes are not Credit Linked Notes specify the applicable Final Redemption Formula)*

(i) Final Redemption Amount Formula: [Applicable] [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- Normal Performance: [Applicable] [Not Applicable]

*(if not applicable, delete the remaining text of "Normal Performance")*

[The Final Redemption Amount is calculated in accordance with the following:

*[Insert if the Reference Item is not a Basket:*

[(i) the Calculation Amount; multiplied by

(ii) (Factor A [+][-] (Participation Factor multiplied by Performance of Underlying)),]

[The Performance of Underlying shall not be lower than the Floor] [and]

[The Performance of Underlying shall not be higher than the Cap]

*[Insert if the Reference Item is a Basket:*

[(i) the Calculation Amount; multiplied by

(ii) [1+] the sum of each of the following values calculated with respect to each Component:

a) [1 +] [the greater of (i) 0 and (ii) Performance of Component: multiplied by

b) Component Weight.]

- Performance Differential:

[Not Applicable] [Applicable]

*(if not applicable, delete the remaining text of "Performance Differential")*

- Participation Factor:

[Not Applicable] [Applicable]

[The Final Redemption Amount is calculated in accordance with the following:

*[Insert if Participation Factor is applicable:*

[(i) the Calculation Amount; multiplied by

(ii)  $1 + (\text{Participation Factor multiplied by } (\text{Performance of Underlying 1} - \text{Performance of Underlying 2})),]$

*[Insert if Participation Factor is not applicable:*

[(i) the Calculation Amount; multiplied by

(ii)  $1 + (\text{Performance of Underlying 1} - \text{Performance of Underlying 2}),]$

- Digital Call Redemption:

[Applicable] [Not Applicable]

*(if not applicable, delete the remaining text of "Digital Call Redemption")*

[The Final Redemption Amount is calculated in accordance with the following:

*[If the final Reference Level is equal to or greater than the Redemption Barrier Level:*

Notional Amount \* 100%

OR

*[If the Final Reference Level is lower than the Redemption Barrier Level:*

Notional Amount \* (Final Reference Level / Initial Reference Level)

- Digital Put Redemption:

[Applicable] [Not Applicable]

*(if not applicable, delete the remaining text of "Digital Put Redemption")*

[The Final Redemption Amount is calculated in accordance with the following:

*[If the final Reference Level is equal to or lower than the Redemption Barrier Level:*

Notional Amount \* 100%

OR

*[If the Final Reference Level is greater than the Redemption Barrier Level:*

Notional Amount \* (Final Reference Level / Initial Reference Level)

- Final Differential Redemption:

[Applicable] [Not Applicable]

*(if not applicable, delete the remaining text of "Final Differential Redemption")*

[The Final Redemption Amount is calculated in accordance with the following:

[Calculation Amount \* Participation Factor \* Min(Cap; Max(Floor; Final Reference Level 1 - Final Reference Level 2))]

[Calculation Amount \* Participation Factor \* Max(Floor; Final Reference Level 1 - Final Reference Level 2)]

[Calculation Amount \* Participation Factor \* Min(Cap; Final Reference Level 1 - Final Reference Level 2)]

[Calculation Amount \* Participation Factor \* (Final Reference Level 1 - Final Reference Level 2)]

[Calculation Amount \* Participation Factor \* Min(Cap; Max(Floor; (Final Reference Level 1 \* Gearing 1) - (Final Reference Level 2 \* Gearing 2)))]

[Calculation Amount \* Participation Factor \* Max(Floor; (Final Reference Level 1 \* Gearing 1) - (Final Reference Level 2 \* Gearing 2))]

[Calculation Amount \* Participation Factor \* Min(Cap; (Final Reference Level 1 \* Gearing 1) - (Final Reference Level 2 \* Gearing 2))]

[Calculation Amount \* Participation Factor \* ((Final Reference Level 1 \* Gearing 1) - (Final Reference Level 2 \* Gearing 2))]

**[provided that** the Final Redemption Amount will not be [greater than the Maximum Redemption Amount] [and will not be] less than the Minimum Redemption Amount]. Such amount shall, if applicable, be converted into the Relevant Currency on [\*] [the Maturity Date].

- Final Redemption Amount **[Performance of Underlying is:**  
Formula:

$$\left[ \frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right]$$

$$\left[ \text{Max} \left[ 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} - 1 \right] \right]$$

**[Performance of Underlying 1 is:**

$$\left[ \frac{\text{Final Reference Level}}{\text{Initial Reference Level}} - 1 \right]$$

$\left[ \text{Max} \left[ 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$

**[Performance of Underlying 2 is:**

$\left[ \frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1$

$\left[ \text{Max} \left[ 0; \frac{\text{Final Interest Reference Level}}{\text{Initial Interest Reference Level}} \right] - 1 \right]$

**[Performance of Component is:**

$\left[ \frac{\text{Final Reference Level}}{\text{Initial Reference Level}} \right] - 1$

**[Floor is [ ]]**

**[Cap is [ ]]**

**[Participation Factor is [ ]]**

**[Factor A is [ ]]**

**[Gearing 1 is [ ]]**

**[Gearing 2 is [ ]]**

*(Insert the above if the Notes are Share Linked Notes, Index Linked Notes, Fund Linked Notes, Inflation Linked Notes, Commodity Linked Notes, Debt Linked Notes or FX Linked Notes and not Physical Delivery Notes)*

[Not applicable – the Notes are Physical Delivery Notes]

(ii) Redemption Barrier Event:

[Not Applicable] [Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

[The Redemption Barrier Event will occur if the Settlement Price of [the Reference Item] [Reference Item 1][Reference Item 2][the Component[s] comprised in the Basket] is [equal to] [and] [or] [greater than] [less than] the Redemption Barrier Level [on a Redemption Barrier Observation Date] [at any time during the Redemption Barrier Observation Date]

- Barrier Redemption Date: [Upon the occurrence of a Redemption Barrier Event the Notes will be redeemed early on [ ].] [ ]
- Barrier Redemption Amount: [ ]
- Redemption Barrier Level: [ ]
- [Redemption Barrier Observation Date[s]]: [ ]
- [Redemption Barrier Observation Period]: [ ]
- Maximum Redemption Amount: [ ] [Not Applicable]
- Minimum Redemption Amount: [ ] [Not Applicable]

**30. Early Redemption Amount:**

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or Seller Merger Notice (if applicable) [[ ] per Calculation Amount]

[An amount in the Relevant Currency being the Nominal Amount of the Notes]

[An amount in the Relevant Currency being the higher of (i) the Nominal Amount of the Notes and (ii) the fair economic value of the Notes at the date of redemption, as determined and calculated by the Calculation Agent in its sole discretion in good faith and in a commercially reasonable manner as representing the fair economic value of the Note at the date of redemption].

[An amount in the Relevant Currency which the Calculation Agent will determine and calculate in its sole discretion in good faith and in a commercially reasonable manner as representing the fair economic value of the Note at the date of redemption, without making any reduction to such value by reason of the financial condition of the Issuer but taking into account (without duplication) any costs and expenses incurred by the Issuer in connection with the termination of any agreement or

instrument entered into by the Issuer for the purposes of hedging the risk arising from the entering into and performance of its obligations under the Notes.]

[The Early Redemption Amount Payable on Event of Default shall be Euro [ ] for each Note of Euro [ ] Specified Denomination.]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

31. **Form of Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
- [Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice.]
- [Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].
- [The Notes will be issued and held in book-entry form by [*Monte Titoli S.p.A/ include the name of any other custodian appointed by the Issuer*], as Centralised Custodian.]
32. New Global Note form: [Yes/No]
33. Additional Financial Centre(s) relating to Payment Business Dates: [Not Applicable] [ ]
- [*Note that this item relates to the date and place of payment and not to interest period end dates*]
34. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [No]
- [Yes. As the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are left. The dates on which such Talons mature are [ ].]



35. Details relating to Installment Notes: [Not Applicable] [Applicable]  
(amount of each installment, date on which each payment is to be made): *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Installment Date(s): [ ]
- (ii) Installment Amount(s) [ ]
36. **Total Repurchase Option / Partial Repurchase Option:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Total Repurchase Option date / Partial Repurchase Option date(s): [ ]
- (ii) Repurchase amount(s): [ ] per Calculation Amount
- (iii) Notice period: [ ] *(at least 5 business days prior notice)*

## PRODUCT TERMS

*(Include the relevant Product Terms for Share Linked Notes, Index Linked Notes, Fund Linked Notes, Credit Linked Notes, Inflation Linked Notes, Commodity Linked Notes, Debt Linked Notes, Interest Rate Linked Notes, FX Linked Notes or Dual Currency Notes and, if applicable, the Product Terms for Physical Delivery Notes)*

[37.] **Share Linked Notes Provisions** [Applicable] [Not Applicable]

*[The following apply to Share Linked Notes where the Notes are linked to a single share only and, if applicable, are to be completed for each share]:* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Reference Item: [ ]
- Share Issuer: [ ]
  - Shares: *[name and short description of type of shares] issued by the Share Issuer (ISIN: [●]).*
  - Final Share Price: *[insert one of the followings [the high price] [the low price] [the average of the high price and the low price] [the closing price] [the opening price] [the bid price] [the asked price] [the average of the bid price and the asked price] [the settlement price] [the official settlement price] [the official price] [the morning fixing] [the afternoon fixing] [the spot price] [specify any other price which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source]]*
  - Price Source: [ ]
- (ii) Automatic Early Redemption: [Applicable/ Not Applicable] *[If not applicable, delete the automatic early redemption provisions which follow]*
- Automatic Early Redemption Amount: [ ] [Not Applicable]
  - Automatic Early Redemption Date(s): [ ] [Not Applicable] *[If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to*

*take place five Business Days after the Automatic Early Redemption Event]*

- Automatic Early Redemption Event: [greater than/greater than or equal to/less than/less than or equal to/\*]
  - Automatic Early Redemption Price: [ ] [Not Applicable]
  - Automatic Early Redemption Rate: [ ] [Not Applicable]
  - Automatic Early Redemption Valuation Date(s): [ ] [Not Applicable]
  - Observation Period[s]: [ ] [Not Applicable]
- (iii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [ ] [Not Applicable]
- (iv) Business Day: [a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) the TARGET System is open].
- (v) Constant Monitoring: [Applicable (if applicable, specify "Valuation Time Only" below as not applicable)] [Not Applicable] (may be applicable if Automatic Early Redemption is applicable)
- (vi) Exchange: [ ] [Shares must be traded on a regulated, regularly operating, recognised open market]
- (vii) Expiration Date: [ ] [Not Applicable]
- (viii) Initial Reference Level: [ (if fallback provisions in Chapter 3, Part (A), not to apply)] [Not Applicable]
- (ix) Observation Date(s): [ ] [Not Applicable]
- (x) Observation Period: [The period from and including the Issue Date, Strike Date or [●] to and including the Expiration Date or [●]]

[Not Applicable]

- (xi) Share Currency: [specify]
- (xii) Strike Date: [ ] [Not Applicable]
- (xiii) Strike Price: [ ] [Not Applicable]
- (xiv) Valuation Time Only: [Applicable (If applicable specify "Constant Monitoring" above as not applicable)]

[Not Applicable]

[37.] *[The following apply to Share Linked Notes where the Notes are linked to a Basket of Shares only:*

- (i) Reference Item: [ ]
  - Share Issuer: [ ]
  - Shares: **"Basket"** means a basket composed of Shares in the relative [proportions/numbers of Shares] specified below:

*[Insert details of:*

- Share Issuer
- Name and short description of type of shares
- [Component Weights]
- ISIN number
- Exchange
- Final Share Price *[insert one of the followings: [the high price] [the low price] [the average of the high price and the low price] [the closing price] [the opening price] [the bid price] [the asked price] [the average of the bid price and the asked price] [the settlement price] [the official settlement price] [the official price] [the morning fixing] [the afternoon fixing] [the spot price] [specify any other price which must be a price reported in or by, or capable of being*

determined from information reported in or by, the relevant Price Source]]

- Price Source]

(ii) Automatic Redemption: Early [Applicable][Not Applicable] [*If not applicable, delete the automatic early redemption provisions which follow*]

- Automatic Redemption Amount: Early [ ] [Not Applicable]

- Automatic Redemption Date(s): Early [ ] [Not Applicable] [*If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event*]

- Automatic Redemption Event: Early [specify whether the Automatic Early Redemption Event is triggered by the Price of one or more Shares in the Basket; specify the applicable Share(s)]

[greater than/ greater than or equal to/ less than/ less than or equal to] [*complete as appropriate*]

- Automatic Redemption Price(s): Early [ ] [Not Applicable]

- Automatic Redemption Rate: Early [ ] [Not Applicable]

- Automatic Redemption Valuation Date(s): Early [ ] [Not Applicable]

(iii) Averaging: [Applicable] [Not Applicable]

- Averaging Dates: [ ] [Not Applicable]

(iv) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign

currency deposits) in [●] [and (ii) the TARGET system is open].

- (v) Constant Monitoring: [Applicable] [Not Applicable] [*If applicable specify as applicable and specify "Valuation Time Only" below as not applicable*] (*may be applicable if Automatic Early Redemption is applicable*)
- (vi) Exchange: [*specify*] [*Shares must be traded on a regulated, regularly operating, recognised open market*]
- (vii) Expiration Date: [ ] [Not Applicable]
- (viii) Initial Reference Level:
- (ix) Observation Date(s): [ ] [Not Applicable]
- (x) Observation Period: [The period from and including the Issue Date, Strike Date or [●] to and including the Expiration Date or [●]]  
[Not Applicable]
- (xi) Share Currency: [ ] [Not Applicable]
- (xii) Strike Date: [ ] [Not Applicable]
- (xiii) Strike Price: [ ] [Not Applicable]
- (xiv) Valuation Time Only: [Applicable.] [*If applicable, specify "Constant Monitoring" above as not applicable*] [Not Applicable] ]

[37.] **Index Linked Notes Provisions** [Applicable] [Not Applicable]

*[The following apply to Index Linked Notes where the Notes are linked to a single index only and, if applicable, are to be completed for each index: (If not applicable, delete the remaining sub-paragraphs of this paragraph)]*

- (i) Reference Item: [ ]
- Index: [ ]

- Index Sponsor: [ ]
  - Final Index Level: *[insert one of the followings: [the high price] [the low price] [the average of the high price and the low price] [the closing price] [the opening price] [the bid price] [the asked price] [the average of the bid price and the asked price] [the settlement price] [the official settlement price] [the official level] [the morning fixing] [the afternoon fixing] [the spot price] [specify any other price which must be a level reported in or by, or capable of being determined from information reported in or by, the relevant Index Sponsor]]*
- (ii) Automatic Redemption: Early [Applicable] [Not Applicable]
- [If not applicable, delete the automatic early redemption provisions which follow]*
- Automatic Redemption Amount: Early [ ] [Not Applicable]
  - Automatic Redemption Date(s): Early [ ] [Not Applicable]
- [If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]*
- Automatic Redemption Event: Early [greater than/ greater than or equal to/less than/ less than or equal to] [*complete as appropriate*]
  - Automatic Redemption Level: Early [ ] [Not Applicable]
  - Automatic Redemption Rate: Early [ ] [Not Applicable]
  - Automatic Redemption Valuation Date(s): Early [ ] [Not Applicable]

- (iii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [] [Not Applicable]
- (iv) Business Day: [*specify as* [a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [] [and (ii) the TARGET System is open]]
- (v) Constant Monitoring: [*If applicable specify as applicable and specify "Official Closing Level Only" below as not applicable*] (*may be applicable if Automatic Early Redemption is applicable*)
- (vi) Exchange(s): [*specify if Non-Multi Exchange Index, otherwise no need to complete*]
- (vii) Expiration Date: [] [Not Applicable]
- (viii) Initial Reference Level: [] [Not Applicable]
- (ix) Multi-Exchange Index: [Yes][No]
- (x) Non Multi-Exchange Index: [Yes][No]
- (xi) Observation Date(s): [] [Not Applicable]
- (xii) Observation Period: [*specify as* [the period from and including the Issue Date, Strike Date or [] to and including the Expiration Date or []]]  
[Not Applicable]
- (xiii) Official Closing Level Only: [*If applicable, specify as applicable and specify "Constant Monitoring" above as not applicable*]
- (xiv) Strike Date: [] [Not Applicable]
- (xv) Strike Price: [] [Not Applicable]]

[37.] [*The following apply to Index Linked Notes where the Notes are linked to a Basket of Indices only:*

- (i) Reference Item: []



- Indices: "Basket" means a basket composed of Indices in the relative proportions specified below:

*[Insert details for each Index of:*

- Index Sponsor
- [Component Weights]]
- Final Index Level: *[insert one of the followings: [the high price] [the low price] [the average of the high price and the low price] [the closing price] [the opening price] [the bid price] [the asked price] [the average of the bid level and the asked price] [the settlement price] [the official settlement price] [the official price] [the morning fixing] [the afternoon fixing] [the spot price] [specify any other price which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Index Sponsor]]*

(ii) Automatic Redemption: Early [Applicable] [Not Applicable]  
*[If not applicable, delete the automatic early redemption provisions which follow]*

- Automatic Redemption Amount: Early [ ] [Not Applicable]

- Automatic Redemption Date(s): Early [ ] [Not Applicable]  
*[If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]*

- Automatic Redemption Event: Early [greater than/ greater than or equal to/less than/ less than or equal to] *[complete as appropriate]*

- Automatic Early [ ] [Not Applicable]  
Redemption Level:
  - Automatic Early [ ] [Not Applicable]  
Redemption Rate:
  - Automatic Early [ ] [Not Applicable]  
Redemption  
Valuation Date(s):
- (iii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [[ ]] [Not Applicable]
- (iv) Business Day: [*specify as* a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) the TARGET System is open]]
- (v) Constant Monitoring: [*If applicable specify as applicable and specify "Official Closing Level Only" below as not applicable*] (*may be applicable if Automatic Early Redemption is applicable*)
- (vi) Exchange(s): [*specify if Non-Multi Exchange Index, otherwise no need to complete*]
- (vii) Expiration Date: [ ] [Not Applicable]
- (viii) Initial Reference Level: [ ] [Not Applicable]
- (ix) Multi-Exchange Index: [Yes][No]
- (x) Non Multi-Exchange Index: [Yes][No]
- (xi) Observation Date(s): [ ] [Not Applicable]
- (xii) Observation Period: [*specify as* [the period from and including the Issue Date, Strike Date or [●] to and including the Expiration Date or [●]]]  
  
[Not Applicable]
- (xiii) Official Closing Level Only: [*If applicable, specify as applicable and specify "Constant Monitoring" above as not applicable*]

(xiv) Strike Date: [ ] [Not Applicable]

(xv) Strike Price: [ ] [Not Applicable]

[37.] **Fund Linked Notes Provisions** [Applicable] [Not Applicable]

*[The following apply to Fund Linked Notes only: [specify the following paragraphs of this paragraph items for each Reference Item] (If not applicable, delete the remaining sub-paragraphs of this paragraph)]*

*[Note for a derivative security to be listed on certain regulated markets: the underlying must be traded on a regulated, regularly operating, recognised open market, unless the underlying or ultimate underlying is a currency, index, interest rate, commodity, a combination of these, or credit linked, or the underlying is a UCITS fund or an investment fund authorised by the Central Bank of Ireland or the competent authority of another EU member state deemed equivalent by Euronext Dublin. Similar restrictions are applicable also in other circumstances.]*

(i) Reference Item:

- Fund: [Specify]
- Fund Interest: [Specify]
- Fund Manager: [Specify]

(ii) Applicable Fund Centre(s): *(for the purpose of Fund Business Days)* [●]

(iii) Fund Business Day Convention: [Following] / [Modified Following] / [Preceding] Market Disruption

(iv) Disrupted Period: [●] *[Specify number of Fund Business Days before Issuer may estimate values owing to Market Disruption]* Fund Business Days

(v) Basket Portfolio Disruption: [Applicable][Not Applicable] [Affected Fund Disruption/Basket Disruption/Affected Fund Estimate]

(vi) Averaging Date Disruption: [Omission] / [Postponement] / [Modified Postponement]

(vii) Basket Averaging Date Disruption: [Affected Fund] [Basket] [Omission] [Affected Fund] [Basket] [Postponement] [Affected Fund] [Basket] [Modified Postponement]

(viii) Cut-off Period: [Not Applicable] [●]

*(If Averaging Date Disruption is determined by Modified Postponement and the period is different to the Disrupted Period)*

- (ix) Initial Reference Level: [ ] [Not Applicable]
- (x) Final Reference Level:
- Final Price [Single Price is applicable] [Average Price is applicable]
- (xi) Substitution Event (select all that apply): [Audit Event;] [Charging Change;] [Corporate Event;] [Cross-contamination;] [Currency Change;] [Fund Accounting Event;] [Fund Constitution Breach;] [Fund Constitution Change;] [Fund Regulatory Event;] [Fund Rules Breach;] [Fund Strategy Breach;] [Fund Strategy Change;] [Fund Tax Event;] [Hedging Event;] [Investor Tax Event;] [Litigation Event;] [Management Change;] [Mandatory Disposal;] [Market Event;] [NAV Suspension;] [Performance Failure;] [Potential Regulatory Event;] [Redemption Failure;] [Regulatory Event;] [Subscription/Redemption Alteration;] [Subscription/Redemption Restriction;] [Transfer Restriction]
- [Not Applicable]

*[The following apply to Fund Linked Notes only where Basket Portfolio Provisions shall apply:*

[37.] **Basket Portfolio:** [Applicable][Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Initial Funds and Initial Weights:

Fund	Class	Bloomberg Ticker	ISIN	[Initial] [Component] Weight (per cent.)
[•]	[•]	[•]	[•]	[•]

- (ii) Basket Business Day: [•]
- (iii) Initial Basket Value: [•][Not Applicable]
- (iv) Notional Fund Price: [Applicable] [Not Applicable]
- (v) Initial Reference Level: [ ] [Not Applicable]
- (vi) Final Reference Level:
- Final Basket Price: [Not Applicable] [Single Price is applicable] [Average Price is applicable]
  - Final Basket Interest Price: [Not Applicable] [Single Price is applicable] [Average Price is applicable]
- (vii) No Weight Rebalancing: [Not Applicable][Applicable]
- (viii) Standard Weight Rebalancing: [Not Applicable][Applicable]  
*(If not applicable, delete the rest of this paragraph)*
- (a) Weight Rebalancing Date: [•]
- (ix) Active Weight Rebalancing: [Not Applicable][Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Active Weight Rebalancing Entity: [•]
- (b) Weight Rebalancing Date: [•]
- (c) Active Weight Rebalancing Written Notice: [•]

(unless specified is 100 calendar days)

- (d) Investment Restrictions: [•]
- (e) Fallback Active Weight Rebalancing: [•]
- (x) Standard Weight Rebalancing subject to Thresholds: [Not Applicable][Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Weight Rebalancing Date: [•]
- (b) Threshold: [•]
- (xi) Other Weight Rebalancing: [Not Applicable][Applicable]  
*(If not applicable, delete rest of this paragraph)*
- Weight Rebalancing Date: [•]  
*[insert provisions in relation to Other Weight Rebalancing]*
- (xii) Replacement Funds:

Replacement Fund	Class	Bloomberg Ticker	ISIN
[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]

[37.] **Credit Linked Notes Provisions:** [Applicable] [Not Applicable]

*[The following apply to Credit Linked Notes only (If not applicable, delete the remaining subparagraphs of this paragraph)]*

- (i) Type of Notes: [Single Name Credit Linked Notes/First-to-Default Credit Linked Notes/N<sup>th</sup>-to-Default Credit Linked Notes\*/ N<sup>th</sup>-to-Default Linear Basket Credit-Linked Notes/ Linear Basket Credit-Linked Notes/ Tranche Notes]

*[Where the Notes are N<sup>th</sup>-to-Default Credit Linked Notes or N<sup>th</sup>-to-Default Linear Basket Credit-Linked Notes or specify the value of N, e.g. "Second-to-Default Credit Linked Notes"]*

(ii) Settlement Basis: [Cash Settlement/Auction Settlement/Physical Settlement or Physical Settlement or Auction Settlement] [As per Physical Settlement Matrix]

*[If Protected Defaulted Reference Entities is specified as applicable. If no Credit Event has occurred or if Credit Events have occurred in respect of up to the Protected Defaulted Reference Entities, the principal amount of the Notes shall not be redeemed neither in whole nor in part. Upon the occurrence of a Credit Event in respect of the Relevant Defaulted Reference Entities then the Issuer shall redeem, for each Relevant Defaulted Reference Entity - a portion of the principal amount of the Notes equal to the Applicable Redemption Proportion without making any payment and/or delivery in favor to the Noteholders. For the avoidance of doubt, no Cash Settlement Amount, Deliverable Obligation or Cash Auction Settlement Amount as provided by General Terms for Credit Linked Notes, shall be due by the Issuer to the Noteholders upon the occurrence of a Credit Event.]*

*[Cash Settlement ONLY for Single Name Credit Linked Notes, First-to-Default Credit Linked Notes or N<sup>th</sup>-to-Default Credit Linked Notes, Tranche Notes]*

Protected Defaulted Reference Entities: [Not Applicable][Applicable. *[specify maximum number of protected Reference Entities]*]

Applicable Redemption Proportion [Not Applicable][Applicable. A percentage equal to:

$$\frac{N - n}{N - \text{Protected Defaulted Reference Entities}}$$

Where:

"N" indicates the number of Reference Entities comprised in the Reference Portfolio, equal to [●]; and

"n" indicates the number of Reference Entities in respect of which a Credit Event has occurred from the Credit Observation Start Date, until the date on which a Credit Event has occurred in respect of any Defaulted Credit.]

Fallback Settlement Basis: [Cash Settlement/Physical Settlement//Not Applicable] [As per Physical Settlement Matrix]

*[Cash Settlement ONLY for Single Name Credit Linked Notes, First-to-Default Credit Linked Notes or N<sup>th</sup>-to-Default Credit Linked Notes]*

Final Value: [Fixed Recovery: [Insert the percentage] per cent.]

[Floating Recovery with Auction Method: the Final Value is to be determined pursuant to a Transaction Auction Settlement Terms and if a Transaction Auction Settlement Terms is published on or before 140 Business Days following the Credit Event Determination Date, that provides for the valuation of obligations of a Reference Entity in respect of which a Credit Event has occurred, means the Auction Final Price (as specified in the relevant Transaction Auction Settlement Terms and expressed as a percentage) determined, if any, under such Transaction Auction Settlement Terms and applicable to the status of the Reference Obligation (subordinated or senior or any other applicable status as the case may be) or if no Transaction Auction Settlement Terms is published on or before 140 Business Days following the Credit Event Determination Date, means the amount determined by the Calculation Agent on the Credit Valuation Date as follows:

*(x) the Final Price if there is only one Reference Obligation; or*

*(y) the weighted average of the Final Prices of the Reference Obligations if the latter are a portfolio.]*



*[Floating Recovery with Quotation Dealers Method: Final Value means the amount determined by the Calculation Agent on the Credit Valuation Date as follows:*

*(x) the Final Price if there is only one Reference Obligation; or*

*(y) the weighted average of the Final Prices of the Reference Obligations if the latter are a portfolio.]*

*[If Physical Settlement: Not Applicable]*

(iii) Reference Entity/ies: *[Specify]*

*[Where the Notes are Linear Basket Credit Linked Notes or Tranche Notes, specify the value of the Related Nominal Amount for each Reference Entity] [Where the Notes are N<sup>th</sup>-to-Default Linear Basket Credit-Linked Notes, specify the value of the Related Nominal Amount for each Remaining Reference Entity]*

(iv) Tranche Notes: *[Applicable] / [Not Applicable] (if Not Applicable delete the remaining subparagraph)*

• Tranche Subordination Amount: *[Specify for the purposes of Condition 14 of the General Terms for Credit Linked Notes] The Reference Portfolio Notional Amount multiplied by the Attachment Point]*

• Tranche Notional Amount: *[Specify for the purposes of Condition 14 of the General Terms for Credit Linked Notes] The Aggregate Nominal Amount]*

• N-to-M-to-Default: *[Not Applicable]*

*[Applicable. Where:*

*N: [number corresponding to the Ranking starting at which the Aggregate Loss Amount will be an amount greater than zero]*

*M: [number corresponding to the Ranking above which the Aggregate Loss Amount ceases to increase]*

P: [number of reference Entities within the Reference Portfolio]

- Attachment Point: [if paragraph "N-to-M-to-Default is stated as being "Not applicable": [insert percentage]]  
[if paragraph "N-to-M-to-Default is stated as being "Applicable":  $[(N-1)/P]\%$ ]
- Detachment Point: [if paragraph "N-to-M-to-Default is stated as being "Not applicable": [insert percentage]]  
[if paragraph "N-to-M-to-Default is stated as being "Applicable":  $[M/P]\%$ ]
- Cumulative Level: [applicable [specify number of Defaulted Credits]][Not Applicable]
- Reference Portfolio Notional Amount: [Specify for the purposes of Condition 14 of the General Terms for Credit Linked Notes]  
[An amount equal to the Aggregate Nominal Amount divided by the difference between the Detachment Point and the Attachment Point]
- Reference Entity Notional Amount: [Specify for the purposes of Condition 14 of the General Terms for Credit Linked Notes]  
[For each Reference Entity comprised in the Reference Portfolio: the amount equal to the product of the Reference Entity Weighting and the Reference Portfolio Notional Amount]
- Reference Entity Weighting: [Specify for the purposes of Condition 14 of the General Terms for Credit Linked Notes]  
[ ]
- Tranche Reference Price: [[Insert percentage]%%][if not specified [100%]]
- Aggregate Loss Amount: [Not Applicable] / [Applicable. [Specify for the purposes of Condition 14 of the General Terms for Credit Linked Notes] The lowest of (i) the Tranche Notional Amount; and (ii) the highest of (x) zero and (y) the difference between (xx) the aggregate of the Loss Amount for all Reference Entities in respect of which a Credit Event Determination Date has occurred and (xy) the Tranche Subordination Amount]

- Loss Amount: [Not Applicable] / [Applicable].  

*[if paragraph "N-to-M-to-Default is stated as being "Not applicable":* in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred, an amount equal to the product of:

  - (i) the Reference Entity Notional Amount; and
  - (ii) the difference between the Tranche Reference Price and the Final Value, subject to a minimum of zero.][ ]

*[if paragraph "N-to-M-to-Default is stated as being "Applicable":* in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred, an amount equal to the product of:

  - (i) the Reference Entity Notional Amount; and
  - (ii) the Tranche Reference Price.]]
- (v) Transaction Type Standard Terms: [Applicable] / [Not Applicable]  

*(if Not Applicable delete the remaining sub-paragraph)*

  - Transaction Type: [Specify]
- (vi) Reference Obligation(s): [CUSIP/ISIN: [\*]] [None]  

[Standard Reference Obligation: [Applicable] [Not Applicable]]
- (vii) Non-Reference Entity Original Non-Standard Reference Obligation: [Applicable – the Reference Obligation(s) specified above will constitute [a] valid Original Non-Standard Reference Obligation(s).][Not Applicable]
- (viii) Seniority Level: [Senior Level]]Subordinated Level][Not Specified]
- (ix) All Guarantees: [Applicable][Not applicable] [As per Physical Settlement Matrix]
- (x) Credit Events: [Bankruptcy]

[Potential Failure to Pay]

[Failure to Pay]

[Payment Requirement: [U.S.\$ 1,000,000]  
[ ] or its equivalent in the relevant  
Obligation Currency as of the occurrence of  
the relevant Failure to Pay]

[Obligation Acceleration]

[Obligation Default]

[Repudiation/Moratorium]

[Restructuring]

[Mod R is applicable] [Mod Mod R is  
applicable]

[Governmental Intervention]

[Default Requirement: [U.S.\$ 10,000,000] [ ]  
or its equivalent in the relevant Obligation  
Currency as of the occurrence of the relevant  
Credit Event]]

[Multiple Holder Obligation:[Applicable]  
[Not Applicable]]]

Notifying Party: *[specify]*

Financial Reference Entity [Applicable][Not Applicable]  
Terms:

Subordinated European [Applicable][Not Applicable]  
Insurance Terms:

(xi) Automatic Early [Applicable] [Not Applicable]  
Redemption:

*[If not applicable, delete the automatic early  
redemption provisions which follow]*

• Automatic Early [ ] [Not Applicable]  
Redemption  
Amount:

• Automatic Early [ ] [Not Applicable]  
Redemption  
Date(s):

*[If Notes may be redeemed as a result of an  
Automatic Early Redemption Event during an*

*Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]*

- Automatic Early Redemption Event: [greater than/ greater than or equal to/less than/ less than or equal to] [*complete as appropriate*]
  - Automatic Early Redemption Level: [ ] [Not Applicable]
  - Automatic Early Redemption Rate: [ ] [Not Applicable]
  - Automatic Early Redemption Valuation Date(s): [ ] [Not Applicable]
  - Observation Period(s): [ ] [Not Applicable]
- (xii) Notice of Publicly Available Information applicable for:
- (a) Credit Event: [Applicable]/[Not Applicable]
  - (b) Repudiation/ Moratorium Extension Condition: [Applicable]/[Not Applicable]
  - (c) Grace Period Extension Condition: [Applicable]/[Not Applicable]
- (xiii) Public Source: [Applicable]/[Not Applicable]
- (xiv) Specified Number: [ ] (*If no number is specified, the Specified Number shall be two*)
- (xv) Grace Period Extension: [Applicable][Not Applicable]
- (xvi) Grace Period: [ ] days
- [Not Applicable]

*[If Grace Period Extension is applicable, consider whether or not to specify the number of days in the Grace Period. If a number of*

*days is not so specified (in which case the paragraph may be deleted), the Grace Period will be the lesser of the applicable grace period with respect to the relevant Obligation and 30 calendar days.]*

[As per Physical Settlement Matrix]

- (xvii) Credit Observation Start Date: [ ] [Not Applicable]
- (xviii) Scheduled Observation End Date: [Not Applicable] [ ] [ (Specify if subject to adjustment in accordance with a Business Day Convention)]
- (xix) Interest Payment Date Postponement: [Applicable (if Interest Payment Dates are to be delayed pending resolution of Potential Failure to Pay)]
- [Not Applicable]
- (xx) Accrual Interest: [Applicable]/[Not Applicable]
- (If is Not Applicable, delete the remaining sub-paragraph)*
- Accrual Interest End Date: [ ]
- (xxi) Repudiation/Moratorium Scheduled Maturity Date Postponement: [Applicable (if Interest Payment Dates are to be delayed pending resolution of Potential Repudiation/Moratorium)]
- [Not Applicable]
- (xxii) Obligation Category: [Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan] [Select only one]
- [As per Physical Settlement Matrix]
- (xxii) Obligation Characteristics: [Not Subordinated Specified Currency] [Not Sovereign Lender] [Not Domestic Currency] [Not Domestic Law] [Listed] [Not Domestic Issuance] [None]
- [Select all that apply]
- [As per Physical Settlement Matrix]

- (xxiv) Excluded Obligation(s): [ ] [Not Applicable]
- (xxv) Terms relating to Cash Settlement: [Applicable] [Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Cash Settlement Date: [[ ] Business Days following the calculation of the Final Price] [Not Applicable]
  - Cash Settlement Amount: [ ] [Not Applicable]
  - Valuation Method: [Highest] [Market] [Average Highest] [Average Market] [Not Applicable]  
*(Only required if no Cash Settlement Amount is specified)*
  - Single Valuation Date: [Specify] [Not Applicable]
  - Multiple Valuation Date: [Specify] [Not Applicable]
  - Valuation Dates: [Specify number of Valuation Dates]
  - Final Price: [ ] [Not Applicable]
  - Quotation Amount: [[€][\$] [ ]]  
*[Delete paragraph if Quotation Amount is the outstanding principal balance of the Reference Obligation.]*
  - Quotation Dealer: [Specify] [as specified in Credit Linked Condition 14]
  - Minimum Quotation Amount: [Specify] [as specified in Credit Linked Condition 14]
  - Quotation Method: [Bid/Offer/Mid-market] [as specified in Credit Linked Condition 14]
  - Valuation Time: [Specify]
- (xxvi) Terms relating to Auction Cash Settlement: [Applicable] [Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- Auction Cash Settlement Amount: [ ] [Not Applicable]
- Auction Cash Settlement Date: [ ] [Not Applicable]
- (xxvii) Terms relating to Physical Settlement: [Applicable][Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
  - Asset Package Delivery: [Applicable] [Not Applicable]
  - Physical Settlement Date: [[ ] Business Days after the date of delivery of the Notice of Physical Settlement] [As per Physical Settlement Matrix]
  - Physical Settlement Period: [*Specify*] [As specified in Credit Linked Condition 14]
  - Partial Cash Settlement Date: [ ] [Not Applicable]
  - Partial Cash Settlement Amount: [ ] [Not Applicable]
  - Deliverable Obligation Category: [Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan] [*Select only one*]  
[As per Physical Settlement Matrix]
  - Deliverable Obligation Characteristics: [Not Subordinated] [Specified Currency] [Not Sovereign Lender] [Not Domestic Currency] [Not Domestic Law] [Listed] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Maximum Maturity] [Accelerated or Matured] [Not Bearer]  
[*Select all that apply*]  
[As per Physical Settlement Matrix]



- [The Maximum Maturity is *specify*]
- Excluded Deliverable Obligation(s): [ ] [Not Applicable]
  - Method of Delivery: [As specified in Credit Linked Condition 5] *specify*
- (xxviii) Specified Currencies: *Specify*
- (xxix) Quotations: [Include Accrued Interest] [Exclude Accrued Interest]
- (xxx) Hedge Unwind Adjustment: [Applicable] [Not Applicable]
- (xxxi) Standard Unwind Adjustment: [Applicable] [Not Applicable]
- (xxxii) Business Day(s): *Specify* [Not Applicable] [As per Physical Settlement Matrix]
- (xxxiii) Successor Backstop Date: [ *Specify if subject to adjustment in accordance with a Business Day Convention*] [Not Applicable]
- (xxxiv) Minimum Quotation Amount: [ ] [Not Applicable]
- (xxxv) Domestic Currency: [ ] [Not Applicable]
- (xxxvi) Qualifying Participation Seller [ ] [Not Applicable]
- (xxxvii) Extended Maturity Date: [As specified in Credit Linked Condition 14] *specify*
- (xxxviii) Extension Date: [As specified in Credit Linked Condition 14] *specify*
- (xxxix) Specific Non-Standard Event Determination Date provision: [Applicable]/[Not Applicable]
- Specific Standard Non-Event [ ]

Determination  
Date:

- (xl) Outstanding Principal Balance: [As specified in Credit Linked Condition 14] *[specify]*
- (xli) Trade Date (for the purposes of the Credit Linked Conditions): *[specify]*
- (xlii) Credit Participation Factor: [Applicable. *[insert percentage]*] / [Not Applicable]
- (xliii) Additional Disruption Events: [The following Additional Disruption Events apply to the Notes:] [Not applicable]

*(Specify each of the following which applies.)*

[Change in Law]

[Hedging Disruption]

[Increased Cost of Hedging]

[37.] **Inflation Linked Provisions**

[Applicable] [Not Applicable]

*[The following apply to Inflation Linked Notes only:*

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Reference Item:

• Index: *[Specify]*

• Index Sponsor: [ ] [The definition in Condition 2 of the Inflation Linked Conditions shall apply]

(ii) Related Bond:

[Applicable] [Not Applicable] *(if applicable and if nothing further is specified then it will be the Fallback Bond)*

• Issuer of Related Bond: [ ] [Not Applicable]

• Related Bond Redemption Event: [ ] [Not Applicable]

(iii) Averaging:

[ ] [Not Applicable]

- Averaging Dates: [ ] [Not Applicable]
- (iv) Observation Date: [ ] [Not Applicable]
- (v) Expiration Date: [ ] [Not Applicable]
- (vi) Strike Date: [ ] [Not Applicable]
- (vii) Strike Price: [ ] [Not Applicable]
- (viii) Initial Reference Level [ ]
- (viii) Observation Period: [ ] [Not Applicable]
- (ix) Cut-Off Date: In respect of a Determination Date, the day that is [●] Business Days prior to such Determination Date.
- (x) Initial Index Level Month: [The month falling [●] months prior to the month in which the relevant Interest Period ends] [*Insert other time period for Index reporting*] [Not Applicable]
- (xi) Final Index Level Month: [The month falling [●] months prior to the month in which the relevant Interest Period ends] [*Insert other time period for Index reporting*] [Not Applicable]

[37.] **Commodity Linked Provisions** [Applicable] [Not Applicable]

*[The following apply to Commodity Linked Notes where the Notes are linked to a single commodity or commodity future only and, if applicable, are to be completed for each commodity or commodity future: (If not applicable, delete the remaining subparagraphs of this paragraph)]*

- (i) Reference Item:
  - Specified Commodity: [●]
  - Commodity Reference Price: [●] [*specify successor and fallback provisions*]

- Price Source/Reference Dealers: [•]
  - Currency: [•]
  - Specified Price: [•]
  - Delivery Dates: [•]
- (ii) Automatic Early Redemption: [Applicable] [Not Applicable]
- [If not applicable, delete the automatic early redemption provisions which follow]*
- Automatic Early Redemption Amount: [ ] [Not Applicable]
  - Automatic Early Redemption Date(s): [ ] [Not Applicable] *[If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]*
  - Automatic Early Redemption Event: [ ] [specify]
  - Automatic Early Redemption Price: [ ] [Not Applicable]
  - Automatic Early Redemption Rate: [ ] [Not Applicable]
  - Automatic Early Redemption Valuation Date(s): [ ] [Not Applicable]
- (iii) Averaging Dates: [ ] [Not Applicable]
- (iv) Pricing Date(s): [•]
- (v) Strike Date: [•][Not Applicable]
- (vi) Initial Reference Level: [•][Not Applicable]
- (vii) Price Materiality Percentage: [•][Not Applicable]

- (viii) Exchange: [       ]
- (ix) Market Disruption Events: [Price Source Disruption]  
[Trading Disruption]  
[Disappearance of Commodity Reference Price]  
[[*(except in relation to Bullion)*] Material Change in Formula]  
[[*(except in relation to Bullion)*] Material Change in Content]  
[Tax Disruption]  
[Not Applicable]  
(*delete as applicable*)
- (x) Disruption Fallback: [[Fallback Reference Dealers]  
[Fallback Reference Price]  
[Postponement]  
[Calculation Agent Determination]  
[Delayed Publication or Announcement]  
(*delete as applicable and place in preferred order*) ]  
[In the following order:
- (a) Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of two consecutive Commodity Business Days or, in the case of Bullion, two consecutive Bullion Business Days (measured from and including the original day that would otherwise have been the Pricing Date); provided, however, that the price determined by Postponement shall be the Relevant Commodity Price only if Delayed Publication or Announcement does not yield a Relevant Commodity Price within those two consecutive

Commodity Business Days or Bullion Business Days (as applicable)); and

(b) Calculation Agent Determination.]

(xi) Observation Date(s): [ ] [Not Applicable]

(xii) Observation Period: [The period from and including the Issue Date, Strike Date or [●] to and including [●]]

[Not Applicable]

[37.] *[The following apply to Commodity Linked Notes where the Notes are linked to a Basket of commodities and/or commodity futures only:*

(i) Reference Item:

**"Basket"** means a basket composed of commodities and/or commodity futures in the relative proportions specified below:

*[Insert the following details in respect of each Component:*

- Component [ ]
- Component Weight(s) [ ]
- Commodity Reference Price: [●] [specify successor and fallback provisions]
- Price Source/Reference Dealers: [ ]
- Currency: [ ]
- Specified Price: [ ]
- Delivery Dates: [ ]
- Exchange [ ]

- Price Materiality [ ] [Not Applicable]  
Percentage:
- (ii) Automatic Early Redemption: [Applicable] [Not Applicable]
- [If not applicable, delete the automatic early redemption provisions which follow]*
- Automatic Early [ ] [Not Applicable]  
Redemption Amount:
  - Automatic Early [ ] [Not Applicable] *[If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]*  
Redemption Date(s):
  - Automatic Early [specify whether the Automatic Early Redemption Event is triggered by the Price of one or more Shares in the Basket; specify the applicable Share(s)]  
Redemption Event:  
  
[greater than/ greater than or equal to/ less than/ less than or equal to] [complete as appropriate]
  - Automatic Early [ ] [Not Applicable]  
Redemption Price(s):
  - Automatic Early [ ] [Not Applicable]  
Redemption Rate:
  - Automatic Early [ ] [Not Applicable]  
Redemption Valuation Date(s):
- (iii) Averaging Dates: [ ] [Not Applicable]
- (iv) Pricing Date(s): [●]
- (v) Strike Date: [●][Not Applicable]
- (vi) Initial Reference Level: [●][Not Applicable]
- (vii) Market Disruption Events: [Price Source Disruption]  
[Trading Disruption]

[Disappearance of Commodity Reference Price]

[[*except in relation to Bullion*]] Material Change in

Formula]

[[*except in relation to Bullion*]] Material Change in Content]

[Tax Disruption]

[Not Applicable]

*(delete as applicable)*

(viii) Disruption Fallback:

[[Fallback Reference Dealers]

[Fallback Reference Price]

[Postponement]

[Calculation Agent Determination]

[Delayed Publication or Announcement]

*(delete as applicable and place in preferred order) ]*

[In the following order:

- (a) Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of two consecutive Commodity Business Days or, in the case of Bullion, [two][eight] consecutive Bullion Business Days (measured from and including the original day that would otherwise have been the Pricing Date); provided, however, that the price determined by Postponement shall be the Relevant Commodity Price only if Delayed Publication or Announcement does not yield a Relevant Commodity Price within those two consecutive Commodity Business Days or Bullion Business Days (as applicable)); and



(b) Calculation Agent Determination.]

(ix) Observation Date(s): [ ] [Not Applicable]

(x) Observation Period: [The period from and including the Issue Date, Strike Date or [●] to and including [●]]

[Not Applicable]

[37.] **Debt Linked Notes Provisions** [Applicable] [Not Applicable]

*[The following apply to Debt Linked Notes where the Notes are linked to a single debt instrument only and, if applicable, are to be completed for each single debt instrument: (If not applicable, delete the remaining subparagraphs of this paragraph)]*

(i) Reference Item: [ ]

• Debt Issuer: [ ]

• Debt Instruments: *[name and short description of type of Debt Instruments]* issued by the Debt Issuer (ISIN: [●]).

(ii) [Automatic Early Redemption: [Applicable/ Not Applicable] *[If not applicable, delete the automatic early redemption provisions which follow]*

• Automatic Early Redemption Amount: [ ] [Not Applicable]

• Automatic Early Redemption Date(s): [ ] [Not Applicable] *[If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event]*

• Automatic Early Redemption Event: [greater than/greater than or equal to/less than/less than or equal to/[\*]]

• Automatic Early Redemption Price: [ ] [Not Applicable]

• Automatic Early Redemption Rate: [ ] [Not Applicable]

- Automatic Early Redemption Valuation Date(s): [ ] [Not Applicable]]
- (iii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [ ] [Not Applicable]
- (iv) Business Day: [a day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) the TARGET System is open].
- (v) Price Source: [*specify*]
- Exchange [ ] [*Single debt instrument must be traded on a regulated, regularly operating, recognised open market*] [Not Applicable]
- (vi) Valuation Date: [ ] [Not Applicable]
- (vii) Initial Reference Level: [ ] [(if level not determined by reference to Final Bid Price on the Strike Date)] [Not Applicable]
- (viii) Strike Date: [ ] [Not Applicable]
- (ix) Valuation Time: [ ]

[37.] [*The following apply to Debt Linked Notes where the Notes are linked to a Basket of Debt Instruments only:*

- (i) Reference Item: [ ]
- Debt Issuer: [ ]
  - Shares: "**Basket**" means a basket composed of Debt Instruments in the relative proportions specified below:  
[*Insert details of:*
- Debt Issuer

- Name and short description of type of shares
  - Component Weights
  - ISIN number
- (ii) Automatic Early Redemption: [Applicable][Not Applicable] [*If not applicable, delete the automatic early redemption provisions which follow*]
- Automatic Early Redemption Amount: [ ] [Not Applicable]
  - Automatic Early Redemption Date(s): [ ] [Not Applicable] [*If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event*]
  - Automatic Early Redemption Event: [*specify whether the Automatic Early Redemption Event is triggered by the Price of one or more Shares in the Basket; specify the applicable Share(s)*]  
[greater than/ greater than or equal to/ less than/ less than or equal to] [*complete as appropriate*]
  - Automatic Early Redemption Price(s): [ ] [Not Applicable]
  - Automatic Early Redemption Rate: [ ] [Not Applicable]
  - Automatic Early Redemption Valuation Date(s): [ ] [Not Applicable]
- (iii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [ ] [Not Applicable]
- (iv) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign

currency deposits) in [●] [and (ii) the TARGET system is open].

- (v) Price Source: [specify]
- Exchange [ ] [Single debt instrument must be traded on a regulated, regularly operating, recognised open market] [Not Applicable]
- (vi) Valuation Date: [ ] [Not Applicable]
- (vii) Initial Reference Level: [ ] [(if level not determined by reference to Final Bid Price on the Strike Date)] [Not Applicable]
- (viii) Strike Date: [ ] [Not Applicable]
- (ix) Valuation Time: [ ]

[37.] **Interest Rate Linked Notes Provisions:** [Applicable] [Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
*[The following apply to Interest Rate Linked Notes only and, if applicable, are to be completed for each interest rate:*

- (i) Reference Item:
- Underlying Reference Rate: [specify]  
*(Either LIBOR, EURIBOR or other)*[Constant Maturity BTP Rate][Constant Maturity Bund Rate][CMS][Specific Security Yield Determination] [specify]
  - Underlying Margin: [Plus] [Minus] [specify]
- (ii) Underlying Interest Determination Date(s): [ ] [The Valuation Date] [Each Averaging Date]
- (iii) Manner in which the Underlying Reference Rate is to be determined [Screen Rate Determination] [Specific Security Yield Determination] [ISDA Determination]

(iv) Screen Rate Determination: [Applicable] [Not Applicable] [*If not applicable, delete the provisions which follow*]

- Relevant Time: [specify]

*(which will be 11:00 am, London time, in the case of LIBOR, or 11:00 am, Brussels time, in the case of EURIBOR)*

- Relevant Screen Page: [specify]

*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

*(In the case of Constant Maturity BTP Rate, specify relevant screen page[, which is expected to be Bloomberg page GBTPGRN Index, where N is the Designated Maturity,] and any applicable headings and captions)*

- Relevant Financial Centre: [specify]

- Designated Maturity: [●][Not Applicable]

- Relevant Currency: [●][Not Applicable]

- Rate Multiplier: [●][Not Applicable]

- Specified Time: [●][Not Applicable]

- Constant Maturity Bund Reference Bank: [●][Not Applicable]

(v) Specific Security Yield Determination: [Applicable] [Not Applicable] [*If not applicable, delete the provisions which follow*]

- Reference Item: [*name and short description of type of debt security*] issued by [●] (ISIN: [●])

- Relevant Screen Page: [●]

- Specified Time: [●]

- Other provisions: [The Underlying Reference Rate will be determined [as the gross yield before taxes] / [●] of the debt security.]  
 [If on any Underlying Interest Determination Date the Relevant Screen Page (or such replacement page on that service which displays the information) is not available, the Underlying Reference Rate for such Underlying Interest Determination Date shall be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, [ as the gross yield before taxes]/[●], based on [the mid-market price]/[●] for that debt security.]
  
- (vi) ISDA Determination: [Applicable] [Not Applicable] [*If not applicable, delete the provisions which follow*]

  - Floating Rate Option: [*specify*]
  - Designed Maturity: [*specify*]
  - Reset Date: [*specify*]

  
- (vii) [Automatic Early Redemption: [Applicable] [Not Applicable] [*If not applicable, delete the automatic early redemption provisions which follow*]

  - Automatic Early Redemption Amount: [ ] [Not Applicable]
  - Automatic Early Redemption Date(s): [ ] [Not Applicable] [*If Notes may be redeemed as a result of an Automatic Early Redemption Event during an Observation Period, then specify if redemption is not to take place five Business Days after the Automatic Early Redemption Event*]
  - Automatic Early Redemption Event: [greater than/greater than or equal to/less than/less than or equal to/[\*]]
  - Automatic Early Redemption Price: [ ] [Not Applicable]
  - Automatic Early Redemption Rate: [ ] [Not Applicable]

- Automatic Early Redemption Valuation Date(s): [ ] [Not Applicable]
- (viii) Averaging: [Applicable] [Not Applicable]
- Averaging Dates: [ ] [Not Applicable]
- (ix) Business Day: [A day on which (i) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in [●] [and (ii) the TARGET System is open].
- (x) Valuation Date: [ ] [Not Applicable]
- (xi) Initial Reference Level: [ (if level not determined by reference to Strike Date)] [Not Applicable]
- (xii) Strike Date: [ ] [Not Applicable]
- (xiii) Valuation Time: [ ]
- [37.] **FX Linked Notes Provisions** [Applicable] [Not Applicable]
- [The following apply to FX Linked Notes only and, if applicable, are to be completed for each reference item: (If not applicable, delete the remaining subparagraphs of this paragraph)]*
- (i) Reference Item:
- Base Currency/Subject Currency: [●]
  - Currency Price: [●] [As specified in the FX Linked Conditions]
- (ii) Initial Reference Price: [ ]
- (iii) Settlement Rate Option: *FX and Currency Option Determination:* [[Interest] [Principal] *[insert the relevant terms from 4.5/4.6 of Annex A of the FX and Currency Option Definitions]*] / [Calculation Agent Determination of Settlement Rate] / [Issuer Discretion] / [Reference Dealer Poll]

- (iv) FX Market Disruption Event(s):
- Inconvertibility Event: [Applicable] [Not Applicable]
  - Price Materiality Event: [Applicable. Price Materiality Percentage: [●]] [Not Applicable]
  - Non-Transferability Event: [Applicable] [Not Applicable]
- (v) Disruption Fallbacks: *(Specify the applicable Disruption Fallbacks in the order that they will apply)*
- [Calculation Agent Determination]
- [Currency-Reference Dealers Reference Dealers: [four] ([\*])]
- [EM Fallback Valuation Postponement]
- [EM Valuation Postponement]
- [Fallback Reference Price]
- Fallback Reference Price: [●]
- [Other Published Sources]
- [Postponement]
- Maximum Days of Postponement: [5]
- (vi) FX Price Source(s): [●]
- (vii) Specified Financial Centre(s): [●]
- (viii) Averaging: [Applicable. The Averaging Dates are [●]] [Not Applicable]
- (ix) Valuation Date(s): [●]
- (x) Valuation Time: [●]
- (xi) Weighting: [Not Applicable] [The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [●]] *(N.B. Only applicable in relation to FX Linked Notes relating to a Basket)*



- (xii) EM Currency Provisions: [Applicable] [Not Applicable]
- Unscheduled Holiday: [Applicable. Maximum Days of Deferral: [●]] [Not Applicable]
  - EM Valuation Postponement: [Applicable. Maximum Days of EM Valuation Postponement: [●]] [Not Applicable]
  - EM Fallback Valuation Postponement: [Applicable. Fallback Maximum Period of Postponement: [As specified in the FX Linked Conditions] [Not Applicable]]
  - Cumulative Events: [Applicable. Maximum Days of Cumulative Postponement: [●]] [Not Applicable]
- (xiii) Successor Currency: [Applicable] [Not Applicable] [Issue Date]
- (xiv) Rebasing: [Applicable] [Not Applicable]
- (xv) Additional Disruption Events: [Not Applicable] [The following Additional Disruption Events apply to the Notes:
- [Change in Law]
- [Hedging Disruption]
- [Increased Cost of Hedging]]

[37.] **Dual Currency Notes Provisions** [Applicable in respect of payments of [interest] [and] [principal]] / [Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

[The Dual Currency Note Conditions for Physical Delivery Notes shall apply.]

- (i) Calculation Agent: [ ]
- (ii) Payment Currency: [[Interest [ ] [and] [principal [ ]]]
- (iii) Successor Currency: [Applicable] / [Not Applicable]
- (iv) Reference Exchange Rate/method of calculating the Reference Exchange Rate: [●] [As specified in the Dual Currency Conditions]
- (v) Valuation Date(s): [ ]

- (v) Rate Calculation Date: [ ]/[As per Conditions]
- Number of Rate Calculation Business: [ ]/[As per Conditions]
  - Rate Calculation Business Days: [ ]/[As per Conditions]
  - Rate Calculation Business Centre(s): [ ]/[As per Conditions]
- (vi) Valuation Time: [ ]/[As per Conditions]
- (vii) EM Currency Provisions: [Applicable] / [Not Applicable]
- (ix) Unscheduled Holidays: [Applicable] / [Not Applicable]
- Maximum Days of Unscheduled Holidays Postponement: [ ]
- (x) Cumulative Events: [Applicable] / [Not Applicable]
- Maximum Days of Cumulative Postponements: [ ]
- (xi) FX Market Disruption Event(s): Currency Disruption Event: [Applicable] / [Not Applicable] / [Calculation Agent Determination]
- (xii) Disruption Fallback: [Calculation Agent Determination]
- [Currency Reference Dealers]
- [EM Fallback Valuation Postponement]
- [Maximum Days of EM Fallback Valuation Postponement: [ ]]
- [EM Valuation Postponement]
- [Maximum Days of EM Valuation Postponement:[ ]]
- [Fallback Reference Price [*specify also alternate FX Price Source(s)*]]
- [Other published Sources]

[Postponement]

[Maximum Days of Postponement: [ ]]

*(More than one Disruption Fallback may apply if so must be specified in the order in which they apply)*

(xiii) FX Price Source(s): [ ]

(xiv) Number of reference Dealers: [ ]

(xv) Price Materiality Percentage: [ ]

(xvi) Specified Financial Centre(s): [ ]

[37.] **Physical Delivery Notes Provisions** [Applicable] / [Not Applicable]

*[The following apply to Physical Delivery Notes only: (If not applicable, delete the remaining sub-paragraphs of this paragraph)]*

[The Physical Delivery Note Conditions for Physical Delivery Notes shall apply.]

(i) Relevant Asset(s): [ ]

(ii) Entitlement: [ ]

(iii) Cut-Off Date: [ ] *[Insert such date prior to the Maturity Date to allow for the delivery of the type of assets which comprises the Entitlement]*

(iv) Guaranteed Cash Settlement Amount: [As specified in Base Condition 2][ ]

(v) Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]

(vi) Delivery provisions for Entitlement *(if different from Physical Delivery Note Conditions)*: [ ] [Not Applicable]

(vii) Settlement Business Day: [ ]

(viii) Issuer's option to vary Settlement: [Applicable/Not Applicable]

**RESPONSIBILITY [AND THIRD PARTY INFORMATION]**

[The Issuer [and the Guarantor] accept(s) responsibility for the information contained in these Final Terms.] [The information contained in these Final Terms [[ ] has been extracted from [ ]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.].

Signed on behalf of the Issuer:

By:.....

By: .....

Duly authorised

Duly authorised

[Signed on behalf of the Guarantor:

By:.....

By: .....

Duly authorised

Duly authorised]

## PART B – OTHER INFORMATION

### 1. APPLICATION AND ADMISSION TO TRADING<sup>4</sup>: [Not Applicable]

(i) Listing: [Official List of Euronext Dublin /Borsa Italiana/Luxembourg Stock Exchange/None]

(ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Euronext Dublin] [the Luxembourg Stock Exchange] [Borsa Italiana] with effect from [ ] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Euronext Dublin] [the Luxembourg Stock Exchange] [Borsa Italiana] with effect from [ ].] [Not applicable]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

[(iii) [Estimate of total expenses related to admission to trading: [ ] [Not Applicable]

### 2. RATINGS [Not Applicable]

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].

*[Depending on the status of the credit rating agency with respect to the CRA Regulation, the wording below should be considered.]*

*[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended). As such [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation – see [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).]*

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<sup>4</sup> Include only where listing of Notes is anticipated.

[[*Insert the legal name of the relevant non-EU credit rating agency entity*]] is not established in the European Union and it is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [*Insert the legal name of the relevant non-EU credit rating agency entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*]] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation – see [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*]] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), but it [is]/[has applied to be] certified in accordance with such Regulation [and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation – see [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)]/[although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is

not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*][, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

### 3. NOTIFICATION

[Not applicable.] / [The CBI [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [*names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus [and the supplement thereto dated [ ]] has been drawn up in accordance with the Prospectus Regulation.]

4. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Not applicable] [[Save for the fees payable to the managers], as far as the Issuer is aware, no person involved in the [issue/offer] of the Notes has an interest material to the issue/offer.] [Amend as appropriate if there are other interests].

5. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer [Not Applicable] [ ] (See ["Use of Proceeds"] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

(ii) Estimated net proceeds: [Not applicable] [ ]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)* \*

(iii) Estimated total expenses: [Not applicable] [ ]  
[Include breakdown of expenses.]

6. **YIELD** [Applicable/Not applicable]  
*(If not applicable, delete the remaining subparagraph of this paragraph)*

Indication of yield: [ ]

7. **HISTORIC INTEREST RATES[Floating Rate only]** [Applicable/Not applicable]  
*(If not applicable, delete the remaining subparagraph of this paragraph)*

Details of historic [EURIBOR/LIBOR/LIBID/LIMEAN/Constant Maturity BTP Rate/CMS/] rates can be obtained from [Reuters][ ]. *(specify for each Interest Period(s))*

[Benchmarks: Amounts payable under the Notes will be calculated by reference to [EURIBOR/LIBOR/LIBID/LIMEAN/Constant Maturity BTP Rate/CMS/][In respect of Notes that are derivative securities, specify benchmark] rate which is provided by [administrator legal name][repeat as necessary]. As at the date hereof, [administrator legal name] [appears/does not appear] [repeat as



necessary] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) No. 2016/1011) (the "**Benchmarks Regulation**"). [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [administrator legal name] is not currently required to obtain authorisation or registration. [repeat as necessary]]]

[8.] **INFORMATION RELATING TO THE UNDERLYING**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

*(specify the following information for each Reference Item)*

[Information on the past and future performance of [the Reference Item] [Reference Item 1] [Reference Item 2] [the Components comprising the Basket] and [its] [their] volatility can be obtained by electronic means and [not] free of charge [on the public website on www. [ ] [ ] [and on the [Bloomberg] or [Reuters] page. [NB ensure such page is given there]]]

*[In case of Credit Linked Notes, insert:*

*[Where the Reference Entity or the Reference Obligation is a single entity or is a single obligation, or in the case of a basket of Reference Entities or Reference Obligations where a single reference entity or single obligation represents 20% or more of the basket:*

*[If the Reference Entity (or obligor in respect of the Reference Obligation) has no securities admitted to trading on a regulated market, equivalent third country market or SME Growth Market, so far as the Issuer is aware and/or able to ascertain from information published by the Reference Entity (or by the obligor in respect of the Reference Obligation), supplement or drawdown prospectus will include information relating to the Reference Entity (or to the obligor in respect of the Reference Obligation) as if it were the issuer (in accordance with the registration document for wholesale non-equity securities)]*

*[If the Reference Entity (or the obligor in respect of the Reference Obligation) has securities already admitted to trading on a regulated market, equivalent third country market or SME Growth Market, so far as the Issuer is aware and/or able to ascertain from information published by the Reference Entity (or by the obligor in respect of the Reference Obligation), its name, ISIN, address, country of incorporation, industry or industries in which the Reference Entity (or the obligor in respect of the Reference Obligation) operates and the name of the market in which its securities are admitted]]*

*[In the case of a basket of Reference Entities or Reference Obligations, where a single reference entity or reference obligation represents less than 20 % of the basket:*

Name(s) of [the Reference Entities] [the obligors in respect of the Reference Obligations]:

ISIN:]]

*[If the underlying is an index or basket of indices, insert:*

The sponsor of the, or each, index composing the Reference Item also maintains an Internet Site at the following address where further information may be available in respect of the Reference Item.

Name of Index Sponsor Website

*[Insert relevant disclaimer for each index:]*

[9.] **OPERATIONAL INFORMATION**

ISIN: [ ]

Common Code: [ ]

New Global Note intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper.)*[include this text for registered notes]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem, either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper.)*[include this text for registered notes]*. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [ ] [Not Applicable]

10. **SECONDARY MARKET PRICING** [Applicable] [Not Applicable]

*(If not applicable, delete the remaining subparagraph of this paragraph)*

In the event that the Issuer decides to purchase the Notes from the Noteholder prior to the Maturity Date, the secondary market pricing provided by the Issuer on the Notes will reflect [ ] (give details of hedge unwinding costs and/or missing profit of the hedging portfolio)

11. **SPECIFIC BUY BACK PROVISIONS** [Applicable] [Not Applicable]

*(If not applicable, delete the remaining subparagraph of this paragraph)*

[The value of the Notes shall reflect and shall be calculated on the basis of the Market Value of the Underlying Transactions.

The Market Value of the Underlying Transactions affects the repurchase price (Buy Back Price), if any, of the Notes, before their maturity.]

Underlying Transactions:

Information on the composition (*unbundling*) of the Interest Basis, in particular the Extra-Yield with respect to the yield of Notes with equal payoff but without Specific Buy Back Provisions, and the composition of the Underlying Transactions, and any relevant changes thereof, shall be published on [the website of Mediobanca [www.mediobanca.it](http://www.mediobanca.it)] [the website of Mediobanca International [www.mediobancaint.lu](http://www.mediobancaint.lu)] [the website of the Luxembourg Stock Exchange] [the website of the Euronext Dublin] [*specify alternative method of publication*].]

12. **DISTRIBUTION\*** [Not Applicable]
- (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names and addresses and underwriting commitments]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- [(ii) [Date of [Subscription] Agreement: [Not Applicable / [ ]]]
- (ii[i]) Stabilising Manager(s) (if any): [Not Applicable/give name]
- If non-syndicated, name of Dealer: [Not Applicable/give name]
- US Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable]
- Non-exempt offer: [Not Applicable] [An offer of the Notes may be made by the Managers and *[specify if applicable]* other than pursuant to Article 1(4) of the Prospectus Regulation in *[specify relevant Member State(s) which must be jurisdictions where the Prospectus and any supplements have been passported]* ("**Public Offer Jurisdictions**") during the period from *[specify date]* until *[specify date]* ("**Offer Period**"). See further Paragraph 11 (*Terms and Conditions of the Offer*) of Part B below.

13. **PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

- Prohibitions of sales to EEA Retail Investors: [Applicable] / [Not Applicable]
- (If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared in the EEA, "Applicable" should be specified.)*

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\* Delete if the Notes are issued in denominations of Euro 100,000 or more.

14. **PROHIBITION OF SALES TO UK  
RETAIL INVESTORS:**

Prohibition of Sales to UK Retail Investors: [Applicable] / [Not Applicable]

*(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared in the UK, "Applicable" should be specified.)*

15. **TERMS AND CONDITIONS OF  
THE OFFER\*** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Offer Period: [ ] to [ ]

Offer Amount: [ ] **[provided that,** during the Offer Period, the Issuer will be entitled [(following consultation with the relevant Dealer(s))] to increase such Offer amount up to [ ] [provided [further] that, during the Offer Period the Issuer will be entitled [(following consultation with the relevant Dealer(s))] to extend the length of the Offer Period]. The Issuer [and the relevant Dealer(s)] shall forthwith give notice of any such [increase] [and/or] [extension] pursuant to Base Condition 12 (*Notices*) of the Base Terms and Conditions of the Notes and comply with any applicable laws and regulations.]

Offer Price: [Issue Price][*specify*]

Conditions to which the offer is subject: [Not Applicable/*give details*]

Description of the application process: [Not Applicable/*give details*]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/*give details*]

Details of the minimum and/or maximum amount of application: [Not Applicable/*give details*]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/*give details*]

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\* Delete if the Notes are issued in denominations of Euro 100,000 or more.

Manner in and date on which results of the offer are to be made public: [Not Applicable/*give details*]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/*give details*]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/*give details*]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/*give details*]  
*(Where the Issuer is subject to Regulation (EU) No. 1286/2014 or Directive 2014/65/EU and to the extent that they are known, include those expenses contained in the price)*

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [None/*give details*]

16. **CONSENT TO THE USE OF PROSPECTUS** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Consent to use of Base Prospectus: [The Issuer consents to the use of the Base Prospectus in [Italy] [and] [or] [Ireland] [and] [or] [Grand Duchy of Luxembourg] by all financial intermediaries (general consent).]

[General consent for the subsequent resale or final placement of the Notes in [Italy] [and] [or] [Ireland] [and] [or] [Grand Duchy of Luxembourg] by the financial intermediary[y][ies] is given in relation to [].]

[The Issuer consents to the use of the Base Prospectus in [Italy] [and] [or] [Ireland] [and] [or] [Grand Duchy of Luxembourg] by the following financial intermediary[y][ies] (individual consent): *[insert names] and address[es]*].]

[Individual consent for the subsequent resale or final placement of the Notes in [Italy] [and] [or] [Ireland] [and] [or] [Grand Duchy of Luxembourg] by the financial

intermediary[y][ies] is given in relation to [] to *[insert names] and address[es]*] and *[give details]*.

[The Issuer[s]'s consent to the use of the Base Prospectus by each [Dealer] [and] [financial intermediary] is subject to the condition that such [Dealer] [and] [financial intermediary] complies with the applicable selling restrictions as well as the terms and conditions of the offer.]

[Such Issuer[s]'s consent to the use of the Base Prospectus is also subject and given under condition that the [Dealers] [and] [financial intermediaries] using the Base Prospectus commit[s] [themselves] [itself] towards [their] [its] customers to a responsible distribution of the Notes. This commitment is made by the publication of the [Dealers] [and] [financial intermediaries] on [their] [its] website stating that the prospectus is used with the consent of the Issuer and subject to the conditions set forth with the consent[.].] [Beside, such consent is not subject to and given under any condition.]

[The subsequent resale or final placement of the Notes in [Italy] [and] [or] [Ireland] [and] [or] [Grand Duchy of Luxembourg] by financial intermediaries can be made [as long as the Base Prospectus is valid in accordance with article 12 of the Prospectus Regulation] [ ].]

## **PART C – OTHER APPLICABLE TERMS**

*[Insert other relevant information and provisions in accordance with Annex 28 of Commission Delegated Regulation (EU) 2019/980, such as (i) additional provisions, not required by the relevant securities notes, relating to the underlying country(ies) where the offer(s) to the public takes place, (ii) country(ies) where admission to trading on the regulated market(s) is being sought, (iii) country(ies) into which the relevant base prospectus has been notified, (iv) series number, (v) tranche number. Delete if not required]*



**PART D – SUMMARY OF THE SPECIFIC ISSUE**

*[Insert Summary of the specific issue]*

## CHAPTER 3 – SHARE LINKED NOTES

### PART (A) – SPECIFIC TERMS AND CONDITIONS OF NOTES LINKED TO A SINGLE SHARE

The following terms and conditions apply to Notes linked to a single share issued by the Issuer and comprise the Terms and Conditions set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out below (the "**Single Share Linked Conditions**"), any of the specific terms and conditions set out in Chapters 4, 5, 7, 8, 9, 10, 11 and 12 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2 completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Single Share Linked Conditions, the Single Share Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Single Share Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. FINAL REDEMPTION

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

"**Final Valuation Date**" means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Expiration Date; or
- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Averaging Dates;

"**Initial Valuation Date**" means the Strike Date;

"**Settlement Price**" means the Final Share Price.

#### 2. INTEREST

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions, the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

**"Final Interest Valuation Date"** means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Final Interest Valuation Date specified in the Final Terms; or
- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates.

**"Interest Settlement Price"** means the Final Share Price.

### 3. DEFINITIONS

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

**"Additional Disruption Event"** means Change in Law, Hedging Disruption and/or Insolvency Filing.

**"Automatic Early Redemption Amount"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate.

**"Automatic Early Redemption Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Automatic Early Redemption Event"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Price per Share is, as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price.

**"Automatic Early Redemption Price"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the Price per Share specified as such or otherwise determined in the applicable Final Terms.

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date and if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

**"Automatic Early Redemption Valuation Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Averaging Dates"** means each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Calculation Date"** means the Strike Date, the Expiration Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or any Redemption Barrier Observation Date or any other date on which a value of a Share is required to be calculated, as the case may be.

**"Change in Law"** means that on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (X) it has (or it expects that it will) become illegal for the Issuer, the Guarantor or any of its affiliates to (i) hold, acquire or dispose of the Shares or to enter into transactions on or relating to the Shares or (ii) perform its obligations under the Notes; or
- (Y) the Issuer, the Guarantor or any of its affiliates would (or would expect to) incur a materially increased cost in (i) holding, acquiring or disposing of the Shares, (ii) maintaining, entering into or unwinding any Hedging Arrangement, and/or (iii) performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"De-listing"** means that the Exchange announces that pursuant to its rules the Shares have ceased (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and such Shares are not immediately re-listed, re-traded or requoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) and such Shares are no longer listed on an Exchange acceptable to the Issuer.

**"Disrupted Day"** means any Scheduled Trading Day on which (i) the Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

**"Early Closure"** means the closure on any Exchange Business Day of the Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by the Exchange or such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on the Exchange or such Related Exchange on such Exchange Business Day and (ii) the submission

deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Exchange"** means the Exchange specified in the Final Terms or otherwise the stock exchange on which the Shares are, in the determination of the Issuer, traded or quoted or any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the Shares has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Shares on such successor or substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means any Scheduled Trading Day on which the Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding the Exchange or any such Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means, in respect of the Shares, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Shares on any Related Exchange.

**"Expiration Date"** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Extraordinary Dividend"** means, in respect of the Shares, the characterisation of a dividend or portion thereof as an Extraordinary Dividend by the Issuer.

**"Final Share Price"** means any of the following prices of one Share, in the Share Currency quoted on the Exchange (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the Final Terms, as determined by the Calculation Agent.

**"Hedging Arrangement"** means any hedging arrangements entered into by the Issuer, the Guarantor and/or its affiliates at any time with respect to the Notes, including without limitation, the entry into of any transaction(s) and/or the purchase and/or sale of the Shares or any other asset(s) to hedge the equity price risk of entering into and performing the obligations of the Issuer and/or the Guarantor under the Notes and any associated foreign exchange transactions.

**"Hedging Disruption"** means that the Issuer, the Guarantor and/or its affiliates is unable, after using commercially reasonable efforts, to (A) hold, acquire, re-establish, substitute, maintain, unwind or dispose of the Shares and/or any Hedging Arrangement,

or (B) realise, recover or remit the proceeds of the Shares and/or any Hedging Arrangement and/or (c) any other event specified as such in the applicable Final Terms.

**"Insolvency"** means, in respect of the Share Issuer, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Share Issuer, (A) all the Shares of the Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of the Share Issuer become legally prohibited from transferring them.

**"Insolvency Filing"** means that the Calculation Agent determines that the Share Issuer has instituted or has had instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition.

**"Interest Averaging Dates"** means each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Market Disruption Event"** means the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure.

**"Merger Date"** means, in respect of a Merger Event, the closing date of such Merger Event or, where the Calculation Agent determines that a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**"Merger Event"** means, in respect of the Shares, any (i) reclassification or change of the Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its subsidiaries with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a "Reverse Merger"),

in each case if the Merger Date is on or before the Expiration Date (or such other date as may be specified in the Final Terms).

**"Nationalisation"** means that all the Shares of the Share Issuer or all or substantially all the assets of the Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"New Shares"** means ordinary or common shares, whether of the entity or person (other than the Share Issuer) involved in the Merger Event or a third party, that are, or that as of the Merger Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member of state of the European Union) or on another exchange acceptable to the Issuer and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations.

**"Observation Date"** means each date, if any, specified as such in the Final Terms, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Observation Period"** has the meaning ascribed to it in the applicable Final Terms.

**"Other Consideration"** means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the Share Issuer) involved in the Merger Event or a third party).

**"Potential Adjustment Event"** means any of the following:

- (i) a subdivision, consolidation or reclassification of the Shares (unless resulting in a Merger Event), or a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the Shares of (A) Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of the Shares, or (C) share capital or other securities of another issuing institution acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by the Share Issuer in respect of Shares that are not fully paid;
- (v) a repurchase by the Share Issuer or any of its subsidiaries of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) with respect to the Share Issuer, an event that results in any shareholder rights pursuant to a shareholder rights plan or arrangement directed against hostile

takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (as determined by the Calculation Agent) being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the Shares.

**"Price"** means, in respect of a Share, on any Exchange Business Day, the price of one such Share in the Share Currency quoted on the relevant Exchange (i) if "Constant Monitoring" is specified as being applicable in the Final Terms, at any given time on such Exchange Business Day or (ii) if "Valuation Time Only" is specified as being applicable in the Final Terms, at the Valuation Time on such Exchange Business Day, all as determined by the Calculation Agent.

**"Price Source"** means, in respect of a Share, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Final Share Price (or prices from which the Final Share Price is calculated) specified in the applicable Final terms.

**"Reference Item"** means the item specified as such in the relevant Final Terms.

**"Related Exchange"** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Shares, or such other options or futures exchange(s) as the Issuer may select, any transferee or successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Shares has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Shares on such temporary substitute exchange or quotation system as on the original Related Exchange).

**"Scheduled Closing Time"** means, in respect of the Exchange or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of the Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**"Scheduled Trading Day"** means any day on which the Exchange and each Related Exchange is scheduled to be open for trading for its regular trading sessions.

**"Settlement Disruption Event"** means, if "Share Delivery" is specified as being applicable in the Final Terms, an event determined by the Calculation Agent to be beyond the control of the Issuer as a result of which the Issuer cannot transfer (or it would be contrary to applicable laws and regulations for the Issuer to transfer) the Shares comprised in the Share Amount(s) in accordance with the terms and conditions of the Notes.

**"Share Currency"** has the meaning ascribed to it in the Final Terms.



"**Share Issuer**" has the meaning ascribed to it in the Final Terms.

"**Shares**" has the meaning ascribed to it in the Final Terms.

"**Strike Date**" means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

"**Strike Price**" means the price (if any) specified as such in the Final Terms.

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"**Tender Offer Date**" means, in respect of a Tender Offer, the date on which voting shares in an amount determined by the Calculation Agent are actually purchased or otherwise obtained (as determined by the Calculation Agent).

"**Trading Disruption**" means any suspension of or limitation imposed on trading by the Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or such Related Exchange or otherwise (i) relating to the Shares on the Exchange or (ii) in futures or options contracts relating to the Shares on a Related Exchange.

"**Valuation Time**" means the Scheduled Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time, and the specified Valuation Time is after the actual closing time for its regular trading session, then (subject to Base Condition 4(i) of the Base Conditions) the Valuation Time shall be such actual closing time.

#### 4. **DISRUPTED DAYS**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

"(i) **Disrupted Days**

If the Calculation Agent determines that any Calculation Date in respect of the Shares is a Disrupted Day, then the relevant Calculation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the Calculation Agent of the occurrence of a Disrupted Day, would have been the relevant Calculation Date is a Disrupted Day.

In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the relevant Calculation Date in respect of the Shares, notwithstanding the fact that such day is a Disrupted Day;
- (b) the Calculation Agent shall determine the price of one Share as its good faith estimate of the price of one Share that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day; and/or
- (c) the Issuer may make any adjustment or adjustments to the Final Redemption Amount, Automatic Early Redemption Amount, the Final Share Price, the Strike Price and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on any relevant Calculation Date, payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is share-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the relevant postponed Calculation Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(i) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes and/or any adjustment to any term of the Notes pursuant to this Base Condition 4(i)."

## 5. ADJUSTMENTS

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

"(j) **Adjustments, Consequences of Certain Events and Currency**

(i) *Adjustments*

If the Calculation Agent determines that a Potential Adjustment Event has occurred or that there has been an adjustment to the settlement terms of listed contracts on the Shares traded on a Related Exchange, the Calculation Agent will determine whether such Potential Adjustment Event or adjustment has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the terms and

conditions of the Notes (including the amount of interest payable, if any) as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividend, stock loan rate or liquidity) and (b) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event or adjustment to settlement terms made by an options exchange to options on the Shares traded on that options exchange.

(ii) *Consequences of a Merger Event*

If the Calculation Agent determines that a Merger Event has occurred, the Issuer may:

- (a) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the Merger Date less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement, on such date as the Issuer may notify to Noteholders in accordance with Base Condition 12 of the Base Conditions; and/or
- (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Merger Event (provided that no adjustments will be made to solely account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the Shares traded on such options exchange and determine the effective date of that adjustment; and/or
- (c) save in respect of a Reverse Merger, on or after the relevant Merger Date, deem the New Shares and/or the amount of Other Consideration, if applicable (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable), and their issuer (if any) to be the "Shares" and the "Share Issuer", respectively, and if the Calculation Agent determines to be appropriate, the Issuer will adjust any relevant terms of the Notes as it may determine.

The Issuer shall give notice of such redemption, adjustment or deemed change to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iii) *Consequences of a Tender Offer*

If the Calculation Agent determines that a Tender Offer has occurred, then on or after the relevant Tender Offer Date the Issuer may:

- (a) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the Tender Offer Date less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement, on such date as the Issuer may notify to Noteholders in accordance with Base Condition 12 of the Base Conditions; and/or
  - (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Tender Offer (provided that no adjustments will be made to account solely for changes in volatility or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Tender Offer by an options exchange to options on the Shares traded on such options exchange and determine the effective date of that adjustment.
  - (c) The Issuer shall give notice of such redemption or adjustment to Noteholders in accordance with Base Condition 12 of the Base Conditions.
- (iv) *Nationalisation, Insolvency or De-listing*

If in respect of the Shares or the Share Issuer the Calculation Agent determines that there has been a Nationalisation, an Insolvency or a De-listing, the Issuer may (i) request the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the other terms and conditions of the Notes (including the amount of interest payable, if any) to account for the Nationalisation, Insolvency or Delisting, as the case may be, and determine the effective date of that adjustment or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Nationalisation, Insolvency or De-listing less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement.

Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

- (v) *Change of Exchange*

If the Exchange is changed, the Issuer may make such consequential modifications to the Strike Price, Final Redemption Amount, Valuation Time and such other terms and conditions of the Notes (including the amount of interest payable, if any) as it may deem necessary.

(vi) *Price Correction*

In the event that any price or level published on the Exchange and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the Exchange within three Business Days (or such other period specified in the Final Terms) after the original publication, the Calculation Agent will determine the amount (if any) that is payable following that correction, and, to the extent necessary, the Issuer will adjust the terms and conditions of the Notes to account for such correction.

(vii) *Currency*

If the Calculation Agent determines that any event occurs affecting the Relevant Currency or the currency in which any of the Shares are quoted, listed and/or dealt in on the Exchange (whether relating to the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer and the amount of interest payable, if any), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(viii) *Additional Disruption Events*

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may (i) make any adjustment or adjustments to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate (including, without limitation, to the Final Redemption Amount, the Automatic Early Redemption Amount, the Final Share Price, the Strike Price and the amount of interest payable, if any) and/or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement. Notice of any determination made pursuant to this paragraph and of any adjustment and/or redemption of the Notes shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(ix) *Change in currency*

If, at any time after the Issue Date, there is any change in the currency in which the Shares are quoted, listed and/or dealt on the Exchange, then the Issuer will adjust such of the terms and conditions of the Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of

Exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency denomination of any payment obligation arising out of the Notes."

**6. AUTOMATIC EARLY REDEMPTION**

For the purposes of the Notes, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

**"(o) Automatic Early Redemption:**

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount."

**7. PRESCRIPTION**

For the avoidance of doubt, Base Condition 7 of the Base Conditions shall apply to the Notes.

## **PART (B) - TERMS AND CONDITIONS OF NOTES LINKED TO A BASKET OF SHARES**

The terms and conditions applicable to Notes linked to a basket of shares shall comprise the Terms and Conditions of the Notes set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out below the ("**Basket Share Linked Conditions**") and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2 completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Basket Share Linked Conditions, the Basket Share Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Basket Share Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

### **1. FINAL REDEMPTION**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

**"Final Valuation Date"** means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Expiration Date; or
- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Averaging Dates;

**"Initial Valuation Date"** means the Strike Date;

**"Settlement Price"** means the Final Share Price.

### **2. INTEREST**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

**"Final Interest Valuation Date"** means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Final Interest Valuation Date specified in the Final Terms; or

- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates;

**"Interest Settlement Price"** means the Final Share Price.

### 3. DEFINITIONS

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

**"Additional Disruption Event"** means Change in Law, Hedging Disruption and/or Insolvency Filing.

**"Automatic Early Redemption Amount"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate.

**"Automatic Early Redemption Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Automatic Early Redemption Event"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Price of one or more Shares (as specified in the applicable Final Terms) is, as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price(s).

**"Automatic Early Redemption Price(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the Price(s) per Share specified as such or otherwise determined in the applicable Final Terms.

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date and if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

**"Automatic Early Redemption Valuation Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Averaging Dates"** means, in respect of a Share, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.



**"Basket"** means a basket composed of Shares in the relative proportions and/or numbers of Shares of each Share Issuer specified in the Final Terms.

**"Calculation Date"** means the Strike Date, the Expiration Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or any Redemption Barrier Observation Date or any other date on which a value of a Share is required to be calculated, as the case may be.

**"Change in Law"** means that, on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (X) it has (or it expects that it will) become illegal for the Issuer, the Guarantor or any of its affiliates, to (i) to hold, acquire or dispose of the Shares or to enter into transactions on or relating to the Shares or (ii) perform its obligations under the Notes; or
- (Y) the Issuer, the Guarantor or any of its affiliates would (or would expect to) incur a materially increased cost in (i) holding, acquiring or disposing of the Shares, (ii) maintaining, entering into or unwinding any Hedging Arrangement, and/or (iii) performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Component Weight"** means the percentage or other value specified in the relevant Final Terms.

**"De-listing"** means that an Exchange announces that pursuant to its rules one or more of the Shares in the Basket has ceased (or will cease) to be listed, traded or publicly quoted on the relevant Exchange for any reason (other than a Merger Event or Tender Offer) and such Shares are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and such Shares are no longer listed on an Exchange acceptable to the Issuer.

**"Disrupted Day"** means, in respect of a Share, any Scheduled Trading Day on which (i) the relevant Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

**"Early Closure"** means, in respect of a Share, the closure on any Exchange Business Day of any relevant Exchange or any Related Exchange prior to its Scheduled Closing

Time unless such earlier closing time is announced by such Exchange or such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or such Related Exchange on such Exchange Business Day and (ii) the submission deadline for orders to be entered into such Exchange or such Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**"Exchange"** means, in respect of a Share, the Exchange specified for such Share in the Final Terms or otherwise the stock exchange on which such Share is, in the determination of the Issuer, traded or quoted or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Share has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such successor or substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding the relevant Exchange or any relevant Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means, in respect of a Share, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, such Share on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Share on any relevant Related Exchange.

**"Expiration Date"** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Extraordinary Dividend"** means, in respect of a Share, the characterisation of a dividend or portion thereof as an Extraordinary Dividend by the Issuer.

**"Final Share Price"** means, in respect of a Share, any of the following prices of such Share, in the Share Currency quoted on the Exchange (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the Final Terms, as determined by the Calculation Agent.

**"Hedging Arrangement"** means any hedging arrangements entered into by the Issuer, the Guarantor and/or any of its affiliates at any time with respect to the Notes, including without limitation, the entry into of any transaction(s) and/or the purchase and/or sale of the Shares or any other asset(s) to hedge the equity price risk of entering into and performing the obligations of the Issuer and/or the Guarantor under the Notes and any associated foreign exchange transactions.

**"Hedging Disruption"** means that the Issuer, the Guarantor and/or its affiliates is unable, after using commercially reasonable efforts, to (A) hold, acquire, re-establish, substitute, maintain, unwind or dispose of the Shares and/or any Hedging Arrangement, or (B) realise, recover or remit the proceeds of the Shares and/or any Hedging Arrangement and/or (c) any other event specified as such in the applicable Final Terms.

**"Insolvency"** means, in respect of a Share Issuer, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting such Share Issuer, (A) all the Shares of such Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of such Share Issuer become legally prohibited from transferring them.

**"Insolvency Filing"** means, in respect of a Share, that the Calculation Agent determines that the relevant Share Issuer has instituted or has had instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition.

**"Interest Averaging Dates"** means, in respect of a Share, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Market Disruption Event"** means the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure.

**"Merger Date"** means, in respect of a Merger Event, the closing date of such Merger Event or, where the Calculation Agent determines that a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**"Merger Event"** means, in respect of one or more of the Shares in the Basket, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the relevant Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer or its subsidiaries with

or into another entity in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a "Reverse Merger"), in each case if the Merger Date is on or before the Expiration Date (or such other date as may be specified in the Final Terms).

**"Nationalisation"** means that all the Shares of a Share Issuer or all or substantially all the assets of such Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"New Shares"** means ordinary or common shares, whether of the entity or person (other than the relevant Share Issuer) involved in the Merger Event or a third party, that are, or that as of the Merger Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member of state of the European Union) or on another exchange acceptable to the Issuer and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations.

**"Observation Date"** means each date, if any, specified as such in the Final Terms, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Observation Period"** has the meaning ascribed to it in the applicable Final Terms.

**"Other Consideration"** means cash and/or any securities (other than New Shares) or assets (whether of the entity or person (other than the relevant Share Issuer) involved in the Merger Event or a third party).

**"Potential Adjustment Event"** means any of the following:

- (i) a subdivision, consolidation or reclassification of one or more of the Shares in the Basket (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of one or more of the Shares in the Basket of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the relevant Share Issuer equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another issuing institution acquired or owned (directly or indirectly) by the relevant Share Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;

- (iv) a call by a Share Issuer in respect of relevant Shares that are not fully paid;
- (v) a repurchase by a Share Issuer or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) with respect to a Share Issuer, an event that results in any shareholder rights pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (as determined by the Calculation Agent) being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Issuer (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights);  
or
- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of one or more of the Shares in the Basket.

**"Price"** means, in respect of a Share, on any Exchange Business Day, the price of one such Share in the Share Currency quoted on the relevant Exchange (i) if "Constant Monitoring" is specified as being applicable in the Final Terms, at any given time on such Exchange Business Day or (ii) if "Valuation Time Only" is specified as being applicable in the Final Terms, at the Valuation Time on such Exchange Business Day, all as determined by the Calculation Agent.

**"Price Source"** means, in respect of a Share, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Final Share Price (or prices from which the Final Share Price is calculated) specified in the applicable Final terms.

**"Reference Item"** means the item specified as such in the relevant Final Terms.

**"Related Exchange"** means, in respect of a Share, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share or such other options or futures exchange(s) as the Issuer may select, any transferee exchange or quotation system or any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange).

**"Scheduled Closing Time"** means, in respect of an Exchange or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**"Scheduled Trading Day"** means, in respect of a Share, any day on which the relevant Exchange and each relevant Related Exchange is scheduled to be open for trading for its regular trading sessions.

**"Settlement Disruption Event"** means, if "Share Delivery" is specified as being applicable in the Final Terms, in respect of a Share, an event determined by the Calculation Agent to be beyond the control of the Issuer as a result of which the Issuer cannot transfer (or it would be contrary to applicable laws and regulations for the Issuer to transfer) the Shares comprised in the Share Amount(s) in accordance with the terms and conditions of the Notes.

**"Share Currency"** has the meaning ascribed to it in the Final Terms.

**"Share Issuer"** has the meaning ascribed to it in the Final Terms.

**"Shares"** has the meaning ascribed to it in the Final Terms.

**"Strike Date"** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Strike Price"** means the price (if any) specified as such in the Final Terms.

**"Tender Offer"** means, in respect of any Shares, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the relevant Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

**"Tender Offer Date"** means, in respect of a Tender Offer, the date on which voting shares in an amount determined by the Calculation Agent are actually purchased or otherwise obtained (as determined by the Calculation Agent).

**"Trading Disruption"** means, in respect of a Share, any suspension of or limitation imposed on trading by an Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or such Related Exchange or otherwise (i) relating to such Share on such Exchange or (ii) in futures or options contracts relating to such Share on a Related Exchange.

**"Valuation Time"** means the Scheduled Closing Time on the relevant Exchange on the relevant date in relation to that Share. If the relevant Exchange closes prior to its Scheduled Closing Time, and the specified Valuation Time is after the actual closing time for its regular trading session, then (subject to Base Condition 4(j) of the Base Conditions) the Valuation Time shall be such actual closing time.

#### 4. **DISRUPTED DAYS**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

"(i) **Disrupted Days**

If the Calculation Agent determines that any Calculation Date is a Disrupted Day in respect of a Share, then the relevant Calculation Date in respect of that Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of that Share, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the Calculation Agent of the occurrence of a Disrupted Day, would have been the relevant Calculation Date is a Disrupted Day. In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the relevant Date for such Share notwithstanding the fact that such day is a Disrupted Day;
- (b) the Calculation Agent shall determine the price of one such Share as its good faith estimate of the price of one such Share that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day; and/or
- (c) the Issuer may make any adjustment or adjustments to the Final Redemption Amount, Automatic Early Redemption Amount, the Final Share Price, the Strike Price and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on any relevant Calculation Date, payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is share-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the relevant postponed Calculation Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(i) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes and/or any adjustment to any term of the Notes pursuant to this Base Condition 4(i)."

5. **ADJUSTMENTS**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

"(o) **Adjustments, Consequences of Certain Events and Currency**

- (i) *Adjustments*

If the Calculation Agent determines that a Potential Adjustment Event has occurred in respect of one or more of the Shares in the Basket or that there has been an adjustment to the settlement terms of listed contracts on one or more of the Shares in the Basket traded on a Related Exchange, the Calculation Agent will determine whether such Potential Adjustment Event or adjustment has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the terms and conditions of the Notes (including the amount of interest payable, if any) as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (**provided that** no adjustments will be made to account solely for changes in volatility, expected dividend, stock loan rate or liquidity) and (b) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event or adjustment to settlement terms made by an options exchange to options on the relevant Shares traded on that options exchange.

(ii) *Consequences of a Merger Event*

If the Calculation Agent determines that a Merger Event has occurred in respect of one or more of the Shares in the Basket, the Issuer may:

- (a) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the Merger Date less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement, on such date as the Issuer may notify to Noteholders in accordance with Base Condition 12 of the Base Conditions; and/or
- (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Merger Event (**provided that** no adjustments will be made to solely account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the relevant Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment; and/or
- (c) save in respect of a Reverse Merger, on or after the relevant Merger Date, deem the New Shares and/or the amount of Other Consideration, if applicable (as subsequently modified in accordance with any relevant terms and including the proceeds of any redemption, if applicable), and their issuer (if any) to be the relevant "Shares" and the relevant "Share Issuer", respectively, and if the Calculation Agent determines to be appropriate, the Issuer will adjust any relevant terms of the Notes as it may determine.



The Issuer shall give notice of such redemption, adjustment or deemed change to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iii) *Consequences of a Tender Offer*

If the Calculation Agent determines that a Tender Offer has occurred in respect of one or more of the Shares in the Basket, then on or after the relevant Tender Offer Date the Issuer may:

- (a) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the Tender Offer Date less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement, on such date as the Issuer may notify to Noteholders in accordance with Base Condition 12 of the Base Conditions; and/or
- (b) make such adjustment to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Tender Offer (**provided that** no adjustments will be made to account solely for changes in volatility or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Tender Offer by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment.

The Issuer shall give notice of such redemption or adjustment to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iv) *Nationalisation, Insolvency or De-listing*

If in respect of one or more of the Shares in the Basket or a Share Issuer the Calculation Agent determines that there has been a Nationalisation, an Insolvency or a De-listing, the Issuer may (i) request the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Strike Price and/or any of the other terms and conditions of the Notes (including the amount of interest payable, if any) to account for the Nationalisation, Insolvency or De-listing, as the case may be, and determine the effective date of that adjustment or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Nationalisation, Insolvency or De-listing less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement. Notice of any redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(v) *Change of Exchange*

If an Exchange is changed, the Issuer may make such consequential modifications to the Strike Price, Final Redemption Amount, Valuation Time and such other terms and conditions of the Notes (including the amount of interest payable, if any) as it may deem necessary.

(vi) *Price Correction*

In the event that any price or level published on an Exchange and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the relevant Exchange within three Business Days (or such other period as may be specified in the Final Terms) after the original publication, the Calculation Agent will determine the amount (if any) that is payable following that correction, and, to the extent necessary, the Issuer will adjust the terms and conditions of the Notes to account for such correction.

(vii) *Currency*

If the Calculation Agent determines that any event occurs affecting the Relevant Currency or the currency in which any of the Shares are quoted, listed and/or dealt in on the Exchange (whether relating to the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer and the amount of interest payable, if any), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary.

The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(viii) *Additional Disruption Events*

If the Calculation Agent determines that an Additional Disruption Event has occurred in respect of one or more of the Shares in the Basket, the Issuer may (i) make any adjustment or adjustments to the exercise, settlement, payment or any other term or condition of the Notes as the Calculation Agent determines appropriate (including, without limitation, to the Final Redemption Amount, the Automatic Early Redemption Amount, the Final Share Price, the Strike Price and the amount of interest payable, if any) and/or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangement. Notice of determination made pursuant to this paragraph and of any adjustment

and/or redemption of the Notes shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(ix) *Change in currencies*

If, at any time after the Issue Date, there is any change in the currency in which the Shares are quoted, listed and/or dealt on the Exchange, then the Issuer will adjust such of the terms and conditions of the Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of Exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency denomination of any payment obligation arising out of the Notes."

6. **AUTOMATIC EARLY REDEMPTION**

For the purposes of the Notes, if "*Automatic Early Redemption*" is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

"(o) **Automatic Early Redemption:**

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount."

7. **PRESCRIPTION**

For the avoidance of doubt, Base Condition 8 of the Base Conditions shall apply to the Notes.

## CHAPTER 4 – INDEX LINKED NOTES

### TERMS AND CONDITIONS OF NOTES LINKED TO AN INDEX

The following terms and conditions apply to Notes linked to a single index or a basket of indices issued by the Issuer shall comprise the Terms and Conditions of the Notes set out in Chapter 2 (the "**Base Conditions**"), the specific Terms and Conditions set out below (the "**Index Linked Conditions**"), any of the specific terms and conditions set out in Chapters 3, 5, 7, 8, 9, 10, 11 and 12 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Index Linked Conditions, the Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Single Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. **FINAL REDEMPTION**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

**"Final Valuation Date"** means:

- (a) if Averaging is not specified as being applicable in the Final Terms, the Expiration Date; or
- (b) if Averaging is specified as being applicable in the Final Terms, each of the Averaging Dates

**"Initial Valuation Date"** means the Strike Date;

**"Settlement Price"** means the Final Index Level.

#### 2. **INTEREST**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

**"Final Interest Valuation Date"** means:

- (a) if Averaging is not specified as being applicable in the Final Terms, the Final Interest Valuation Date specified in the Final Terms; or
- (b) if Averaging is specified as being applicable in the Final Terms, each of the Interest Averaging Dates.

**"Interest Settlement Price"** means the Final Index Level.

### 3. DEFINITIONS

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

**"Additional Disruption Event"** means a Change in Law and/or a Hedging Disruption.

**"Automatic Early Redemption Amount"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate.

**"Automatic Early Redemption Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(j) of the Base Conditions.

**"Automatic Early Redemption Event"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Index Level is, as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Level.

**"Automatic Early Redemption Level"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the Index Level specified as such or otherwise determined in the applicable Final Terms.

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date and if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

**"Automatic Early Redemption Valuation Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to adjustment in accordance with Base Condition 4(j) of the Base Conditions.

**"Averaging Dates"** means, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(j) of the Base Conditions.

**"Basket"** means a basket composed of Indices in the relative proportions and/or numbers of Indices specified in the Final Terms.

**"Calculation Date"** means the Strike Date, the Expiration Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or any Redemption Barrier Observation Date or any other date on which the Final Index Level is required to be calculated, as the case may be.

**"Change in Law"** means that, on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (X) it has (or it expects that it will) become illegal for the Issuer, the Guarantor or any of its affiliates, to (i) hold, acquire or dispose of any Component of the Index or to enter into transactions on or relating to any Component of the Index or (ii) perform its obligations under the Notes; or
- (Y) the Issuer, the Guarantor or any of its affiliates would (or would expect to) incur a materially increased cost in (i) holding, acquiring or disposing of any Component of the Index, (ii) maintaining, entering into or unwinding any Hedging Arrangement, and/or (iii) performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Component"** means in respect of an Index, any shares, equity options or other component comprised in such Index. If the Index itself comprises or includes one or more other Indices, "Component" shall be read and construed as the relevant underlying shares, equity options or other components.

**"Disrupted Day"** means any Scheduled Trading Day on which (i) if "Multi-Exchange Index" is specified in the Final Terms, the Index Sponsor fails to publish the level of the Index or, if "Non Multi- Exchange Index" is specified in the Final Terms, the Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session or (iii) on which a Market Disruption Event has occurred.

**"Early Closure"** means the closure on any Exchange Business Day of the relevant Exchange(s) or Related Exchange(s), if any, prior to its/their Scheduled Closing Time unless such earlier closing time is announced by the relevant Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into

the relevant Exchange(s) or such Related Exchange(s) system(s) for execution at the Valuation Time on such Exchange Business Day.

**"Exchange(s)"** means, if "Non Multi-Exchange Index" is specified in the Final Terms, the Exchange specified in the Final Terms or, if "Multi-Exchange Index" is specified in the Final Terms, in respect of any securities comprised in the Index, the stock exchanges (from time to time) on which in the determination of the Issuer such securities are listed for the purposes of such Index or any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprised in the Index has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities underlying such Index on such successor or substitute exchange or quotation system as on the original Exchange).

**"Exchange Business Day"** means any Scheduled Trading Day on which the relevant Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding such relevant Exchange or any such relevant Related Exchange closing prior to its Scheduled Closing Time.

**"Exchange Disruption"** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, if "Multi-Exchange Index" is specified in the Final Terms, any security comprised in the Index on any relevant Exchange or, if "Non Multi-Exchange Index" is specified in the Final Terms, securities that comprise 20 per cent. or more of the level of the Index on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index on any relevant Related Exchange.

**"Expiration Date"** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(j) of the Base Conditions.

**"Final Index Level"** means any of the following levels of the Index, as calculated and published by the Index Sponsor on the relevant date, (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Index Sponsor), as specified in the Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the Final Terms, as determined by the Calculation Agent.

**"Hedging Arrangement"** means any hedging arrangements entered into by the Issuer, the Guarantor and/or its affiliates at any time with respect to the Notes, including without limitation the entry into of any transaction(s) and/or purchase and/or sale of any Component of the Index or any other asset(s) to hedge the equity price risk of entering into and performing the obligations of the Issuer and/or the Guarantor under the Notes and any associated foreign exchange transactions.

**"Hedging Disruption"** means that the Issuer, the Guarantor and/or its affiliates is unable, after using commercially reasonable efforts, to (A) hold, acquire, re-establish, substitute, maintain, unwind or dispose of any Component of the Index and/or any Hedging Arrangement, or (B) realise, recover or remit the proceeds of any Component and/or any Hedging Arrangement and/or (c) any other event specified as such in the applicable Final Terms.

**"Index"** means the index specified in the Final Terms, or any Successor Index.

**"Index Cancellation"** means the Index Sponsor cancels the Index and no Successor Index exists.

**"Index Disruption"** means the Index Sponsor fails to calculate and announce the Index Level.

**"Index Level"** means, on any relevant Scheduled Trading Day, the level of the Index, as calculated and published by the Index Sponsor, (i) if "Constant Monitoring" is specified as being applicable in the Final Terms, at any given time on such Scheduled Trading Day or (ii) if "Official Closing Level Only" is specified as being applicable in the Final Terms, the official closing level of the Index on such Scheduled Trading Day.

**"Index Modification"** means the Index Sponsor announces that it will make (in the opinion of the Issuer) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and capitalisation and other routine events).

**"Index Sponsor"** means unless otherwise specified in the applicable Final Terms the corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Scheduled Trading Day, failing whom such person acceptable to the Calculation Agent who calculates and announces the Index or any agent or person acting on behalf of such person.

**"Interest Averaging Dates"** means, each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(j) of the Base Conditions.

**"Medbar Index"** or **"Proprietary Index"** means the Mediobanca absolute return index, excess-return, Eur denominated, administered by Mediobanca. The Medbar Index reflects the performance of a basket of algorithmic investment strategies (the **"SubIndices"** and each a **"SubIndex"**), aimed at generating absolute returns. The Medbar Index is daily published on Bloomberg (*ticker*: Medbar <Index>). Each SubIndex is calculated and published by a third-party provider (*e.g.* an investment bank), and it is expressed net of underlying fees, in EUR and in excess return format.

The components of the Medbar Index are selected by the Index Committee gathering together at least once a year. Every month the selection and weighting criteria are reviewed during a regular rebalancing date. Such components could be changed due to SubIndices discontinuity or new entry at Committee's discretion. Once the components



are defined, their weights are adjusted according to a volatility driven algorithm. Every SubIndex weight is evaluated applying a cap at 35% to the volatility adjusted weight. Eventually the exceeding weights are redistributed to the other components, always respecting the 35% cap constraint. If this 35% cap constraint is trespassed, an extraordinary rebalancing of the Medbar Index has to be triggered in order to adjust the weights of the components and comply with the 35% cap constraint. All the components with their adjusted volatility weights forms the basket underlying the Medbar Index (the "**Basket**").

Once the adjusted volatility weights are defined, the Medbar Index can be calculated. The calculation consist in a volatility controlled leveraged weighted average of the Basket. The maximum applicable leverage is 300% that can be reduced according the volatility of the Basket. The target volatility for the Medbar Index is 5%. The volatility controlling mechanism considers the volatility as the maximum of the latest 5 observations of the standard deviation of the returns. The standard deviation of the returns are calculated on the latest 20 observations.

With an understanding of the features and objectives of the Medbar Index mentioned above, the Index Administrator shall determine, in its sole absolute discretion, the composition of the basket. To this end, the Index Administrator shall perform an on-going screening activity of the available algorithmic strategies in order to define the subset of candidates that could potentially be comprised in the basket. The strategies selected shall satisfy certain requirements in terms of liquidity, transaction costs, bid-offer spread, track history and Index Administrator's reliability.

The Index Administrator will follow signals of its quantitative algorithm and indications received from the Index Committee to rebalance the Basket weights.

The composition of the Basket and the calculation of the Medbar Index will be performed in order to target a realised annual volatility of 5%.

The Medbar Index is calculated and published on each Business Day, where Business Days are defined according to the holidays of the following 4 countries (plus Target (TE)): UK (GB), USA (US), Japan (JN) and Germany (GE)) – ("**Business Day**"). The Index Administrator has established a control framework for the Index calculation and publication.

For the purpose of Medbar Index definition:

**"Index Administrator"** means Mediobanca – Banca di Credito Finanziario S.p.A.; and

**"Index Committee"** means a Mediobanca – Banca di Credito Finanziario S.p.A. committee which comprises 3 (three) members: one representative from each trading/sales department, middle office function and risk management function.

**"Market Disruption Event"** means the occurrence or existence on any Scheduled Trading Day of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines in its sole discretion is material at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure, **provided that**, if "Multi-Exchange Index" is specified in the Final Terms, the securities comprised in the Index in respect of which an Early Closure, an Exchange

Disruption and/or a Trading Disruption occurs or exists amount, in the determination of the Issuer, in aggregate to 20 per cent. or more of the level of the Index. For the purpose of determining whether a Market Disruption Event exists at any time in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event, as determined by the Calculation Agent.

**"Observation Date"** means each date, if any, specified as such in the Final Terms, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(j) of the Base Conditions.

**"Observation Period"** has the meaning ascribed to it in the applicable Final Terms.

**"Related Exchange"** means each exchange or quotation system as the Calculation Agent determines on which trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index, or such other options or futures exchange(s) as the Issuer may select, any transferee or successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to the Index has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to the Index on such temporary substitute exchange or quotation system as on the original Related Exchange).

**"Scheduled Closing Time"** means in respect of the relevant Exchange(s) or a Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of the relevant Exchange(s) or such Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**"Scheduled Trading Day"** means (i) if "Multi-Exchange Index" is specified in the Final Terms, any day on which the Index Sponsor is scheduled to publish the level of the Index and each Related Exchange is scheduled to be open for trading for its regular trading session and (ii) if "Non Multi- Exchange Index" is specified in the Final Terms, any day on which the Exchange and each Related Exchange is scheduled to be open for trading for its regular trading session.

**"Strike Date"** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(j) of the Base Conditions.

**"Strike Price"** means the price (if any) specified as such in the Final Terms.

**"Successor Index"** means where the Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, such successor index or index calculated and announced by the successor sponsor.

**"Trading Disruption"** means any suspension of or limitation imposed on trading by an Exchange or a Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or the relevant Related Exchange or otherwise (i) if "Multi-Exchange Index" is specified in the Final Terms, on any relevant Exchange(s) relating to any security comprised in the Index or, if "Non Multi-Exchange Index" is specified in the Final Terms, on the Exchange relating to securities that comprise 20 per cent. or more of the level of the Index, or (ii) in futures or options contracts relating to the Index on a Related Exchange.

**"Valuation Time"** means the Scheduled Closing Time on the relevant date. If the relevant Exchange closes prior to its Scheduled Closing Time, and the specified Valuation Time is after the actual closing time for its regular trading session, then (subject to Base Condition 4(j) of the Base Conditions) the Valuation Time shall be such actual closing time.

#### 4. **DISRUPTED DAYS**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

**"(j) Disrupted Days**

If the Calculation Agent determines that any Calculation Date in respect of the Index or one or more Indices comprised in the Basket is a Disrupted Day, then the relevant Calculation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the Calculation Agent of the occurrence of a Disrupted Day, would have been the relevant Calculation Date is a Disrupted Day. In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the relevant Calculation Date in respect of the Index or Indices, as the case may be, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine the level of the Index or Indices, as the case may be, on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating such Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange-traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in such Index (or, if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred in respect of a relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); and/or
- (c) the Issuer may make any adjustment or adjustments to the Final Redemption Amount, the Automatic Early Redemption Amount, any Index Level, the Strike Price and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on any relevant Calculation Date payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is index-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period specified in the Final Terms) following the relevant postponed Calculation Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(j) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes and/or any adjustment to any term of the Notes pursuant to this Base Condition 4(j)."

## 5. **ADJUSTMENTS, CONSEQUENCES OF CERTAIN EVENTS AND CURRENCY**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

### "(o) **Adjustments, Early Redemption and Currency**

#### (i) *Adjustments and Early Redemption*

If the Calculation Agent determines that an Additional Disruption Event, Index Modification, Index Cancellation or Index Disruption has occurred or any other event or events occur which the Calculation Agent determines necessitate(s) an adjustment or adjustments to the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable), the Strike Price, any Index Level and/or any other relevant term of the Notes (including the amount of interest payable, if any) (each such other event, a "Relevant Event"), the Issuer, at its discretion, may:

- (a) make any adjustment or adjustments to the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable), the Strike Price, any Index Level and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary; and/or
- (b) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the occurrence of such Additional Disruption Event, Index Modification, Index Cancellation, Index Disruption or Relevant Event, as applicable, less, unless specified otherwise in the Final Terms, the cost to the Issuer (or the Guarantor) of amending or liquidating any Hedging Arrangement, together with any costs, expenses, fees or taxes incurred by the Issuer (or the Guarantor) in respect of any such Hedging Arrangement.

Notice of any determination pursuant to this Base Condition 4(k)(i), any such adjustment and/or any redemption of the Notes hereunder shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(ii) *Change of Exchange*

If the or an Exchange is changed, the Issuer may make such consequential modifications to any of the Strike Price, Final Redemption Amount, Valuation Time and such other terms and conditions of the Notes (including the amount of interest payable, if any) as it may deem necessary.

(iii) *Price Correction*

In the event that any price or level published on the relevant Exchange(s) or by the Index Sponsor and which is utilised for any calculation or determination made under the Notes is subsequently corrected and the correction is published by the relevant Exchange(s) or Index Sponsor(s) within three Business Days (or such other period specified in the Final Terms) after the original publication, the Calculation Agent will determine the amount (if any) that is payable following that correction, and, to the extent necessary, the Issuer will adjust the terms and conditions of the Notes to account for such correction.

(iv) *Currency*

If the Calculation Agent determines that any event occurs affecting the Relevant Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer and the amount of interest payable, if any), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions."

## 6. **AUTOMATIC EARLY REDEMPTION**

For the purposes of the Notes, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, Base Condition 5 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

"(o) **Automatic Early Redemption:**

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period

as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount."

**7. INDEX DISCLAIMER**

The Notes are not sponsored, endorsed, sold or promoted by the Index or the Indices comprising the Basket or the relevant Index Sponsor and the Index Sponsor has made no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. The Index Sponsor has made no representation whatsoever whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the Issuer, nor the Guarantor nor the Calculation Agent shall have any liability to any person for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Neither the Issuer, nor the Guarantor nor the Calculation Agent has any affiliation with or control over the Index or the Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Issuer, the Guarantor and the Calculation Agent will obtain information concerning the Index from publicly available sources they believe to be reliable, they will not independently verify this information.

## CHAPTER 5 – FUND LINKED NOTES

### TERMS AND CONDITIONS OF FUND LINKED NOTES

The following terms and conditions apply to Fund Linked Notes issued by the Issuer and comprise the Terms and Conditions set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out below (the "**Fund Linked Conditions**"), any of the specific terms and conditions set out in Chapters 3, 4, 7, 8, 9, 10, 11 and 12 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Fund Linked Conditions; and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. **FINAL REDEMPTION**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the relevant Final Terms not having occurred prior to the Maturity Date or any other applicable date specified in the Final Terms, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula, for which purposes:

**"Final Valuation Date"** means:

- (1) with respect to Fund Linked Notes which are linked to a single Fund, (i) if "Single Price" is specified as the Final Price in the applicable Final Terms, the Valuation Date; (ii) if "Average Price" is specified as the Final Price in the applicable Final Terms, each of the Averaging Dates; or
- (2) with respect to Fund Linked Notes which are linked to a Basket Portfolio:
  - (a) if Notional Fund Price is not specified as being applicable in the Final Terms (A) if "Single Price" is specified as the Final Price in the applicable Final Terms, the Valuation Date; or (B) if "Average Price" is specified as the Final Price in the applicable Final Terms, each of the Averaging Dates; or
  - (b) if Notional Fund Price is specified as being applicable in the Final Terms (A) if "Single Price" is specified as the Final Price in the applicable Final Terms, the Valuation Date; or (B) if "Average Price" is specified as the Final Price in the applicable Final Terms, each of the Averaging Dates;

**"Initial Valuation Date"** means the Strike Date.

**"Settlement Price"** means:

- (i) with respect to Fund Linked Notes which are linked to a single Fund, the Final Price; or
- (ii) with respect to Fund Linked Notes which are linked to a Basket Portfolio, (a) if Notional Fund Price is not specified as being applicable in the Final Terms, the Final Basket Price or (b) if Notional Fund Price is specified as being applicable in the Final Terms, the Final Basket Portfolio Interest Price.

In the case of Notes that are linked to a single Fund, if the Final Redemption Receipt Date falls on or after the Latest Permissible Receipt Date, then the Issuer may, notwithstanding Base Condition 4(i) of the Base Conditions, postpone the payment of the Final Redemption Amount to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Final Redemption Receipt Date and the Long Stop Date (the "**Final Payment Date**"). For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Maturity Date to the Final Payment Date. If the Calculation Agent determines that the Final Redemption Receipt Date falls on or after the Long Stop Date, the Notes shall be redeemed at zero or such other amount as the Issuer determines in its sole and absolute discretion.

In the case of Notes that reference a Basket Portfolio, if the Final Redemption Receipt Date of one or more of the Funds comprising the Basket Portfolio falls on or after the Latest Permissible Receipt Date (each such Fund being a "**Delayed Fund**"), then, notwithstanding Base Condition 4(i) of the Base Conditions, if under Basket Final Redemption, the consequence specified is:

- (i) "**Basket Final Redemption Postponement**", the Issuer may postpone payment of the Final Redemption Amount to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Final Redemption Receipt Date in respect of the final Delayed Fund and the Long Stop Date (the "**Final Basket Payment Date**"). For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Maturity Date to the Final Basket Payment Date. If the Calculation Agent determines that the Final Basket Payment Date would fall on or after the Long Stop Date, the Notes shall be redeemed at such amount as the Issuer determines in its sole and absolute discretion; or
- (ii) "**Delayed Fund Redemption Postponement**", the Issuer may pay the notional redemption proceeds of the Fund Interests that the Issuer would have received by the Latest Permissible Receipt Date on the Maturity Date and postpone the payment of the notional redemption proceeds of the Delayed Fund(s) to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Final Redemption Receipt Date in respect of the final Delayed Fund and the Long Stop Date (the "**Delayed Fund Final Payment Date**"). For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Maturity Date to the Delayed Fund Final Payment Date. If the Calculation Agent determines that the Final Redemption Receipt Date in respect of the final Delayed Fund falls on or after the Long Stop



Date, the Notes shall be redeemed at such amount as the Issuer determines in its sole and absolute discretion.

For the purposes of this Condition 1 of the Fund Linked Conditions:

**"Averaging Dates"** means, in respect of the Calculation Determination Date, each of the dates specified as such in the applicable Final Terms, in each case subject to adjustment in accordance with the Fund Business Day Convention and Base Condition 4(i) of the Base Conditions.

**"Final Basket Portfolio Interest Price"** means:

- (a) if **"Single Price"** is specified as the Final Price in the applicable Final Terms, the Basket Portfolio Interest Price,
- (b) if **"Average Price"** is specified as the Final Price in the applicable Final Terms, the arithmetic mean of the Basket Portfolio Interest Prices,

as determined by the Calculation Agent.

**"Final Basket Price"** means:

- (a) if **"Single Price"** is specified as the Final Price in the applicable Final Terms, the sum of the amounts calculated as follows in respect of each Fund comprising the Basket:
  - (i) the Interest Price; multiplied by
  - (ii) the relevant Component Weight;
- (b) if **"Average Price"** is specified as the Final Price in the applicable Final Terms, the sum of the amounts calculated as follows in respect of each Fund comprising the Basket:
  - (i) the arithmetic mean of the Interest Prices; multiplied by
  - (ii) the relevant Component Weight,

as determined by the Calculation Agent.

**"Final Price"** means:

- (a) if **"Single Price"** is specified as the Final Price in the applicable Final Terms, the Interest Price; or
- (b) if **"Average Price"** is specified as the Final Price in the applicable Final Terms, the arithmetic mean of the Interest Prices.

**"Final Redemption Receipt Date"** means the date on which a holder of a Fund Interest would have received the proceeds of a redemption of such Fund Interest deemed to have been submitted for redemption on or as soon as reasonably practicable after the Valuation Date or final Averaging Date, as the case may be, all as determined by the Calculation Agent.

"**Fund**" means the entity, collective investment scheme, fund, trust, partnership or similar arrangement or undertaking specified as such in the applicable Final Terms, or any Replacement Fund.

"**Fund Interest**" means a unit, share, partnership interest, or other similar direct interest in a Fund that entitles the holder of such interest to a share in the net assets of that Fund, as specified as such in the applicable Final Terms, or such relevant interests in any Replacement Fund as determined by the Calculation Agent in accordance with Condition 6 of the Fund Linked Conditions below.

"**Fund Interest Price**" means, on any Fund Business Day, the price of one Fund Interest in the Relevant Currency as at that Fund Business Day (subject to the provisions of Base Condition 4(i) of the Base Conditions), which shall be equal to the available official net asset value of a Fund per Fund Interest for that Fund Business Day, as either notified to the Calculation Agent by the relevant Fund Manager or published by or on behalf of such Fund, less any applicable costs, expenses or taxes that would be incurred by a holder of a Fund Interest in redeeming such Fund Interest, determined by the Calculation Agent; **provided that** if an Investing Entity either makes an investment in, or redeems, Fund Interests as of such Fund Business Day at a price per Fund Interest that is different from the one so notified or published, the net price per Fund Interest at which such investment or redemption is effected shall be treated as the Fund Interest Price.

"**Interest Price**" means the Fund Interest Price in the case of Notes that reference a single Fund and the Basket Interest Price in the case of Notes that reference a Basket Portfolio.

"**Latest Permissible Receipt Date**" means, in respect of any payment, the date that falls the Settlement Period before the Maturity Date or the Early Redemption Date, as the case may be.

"**Observation Dates**" means the dates specified as such in the relevant Final Terms, subject to adjustment in accordance with the Fund Business Day Convention and Base Condition 4(i) of the Base Conditions.

"**Settlement Period**" means seven Business Days (or such other number of Business Days as specified in the applicable Final Terms).

"**Strike Date**" means the date specified as such in the applicable Final Terms, subject to adjustment in accordance with the Fund Business Day Convention and Base Condition 4(i) of the Base Conditions.

All other terms shall have the meanings given to them in Condition 4 of these Fund Linked Conditions below.

## 2. **INTEREST**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date

shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

**"Final Interest Valuation Date"** means:

- (i) with respect to Fund Linked Notes which are linked to a single Fund, (i) if Averaging is not specified as being applicable in the applicable Final Terms, the Valuation Date; (ii) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates; or
- (ii) with respect to Fund Linked Notes which are linked to a Basket Portfolio:
  - (a) if Notional Fund Price is not specified as being applicable in the Final Terms (A) if Averaging is not specified as being applicable in the applicable Final Terms, the Valuation Date; or (B) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates; or
  - (b) if Notional Fund Price is specified as being applicable in the Final Terms (A) if "Single Price" is specified as the Final Price in the applicable Final Terms, the Valuation Date; or (B) if "Average Price" is specified as the Final Price in the applicable Final Terms, each of the Interest Averaging Dates;

**"Interest Settlement Price"** means:

- (i) with respect to Fund Linked Notes which are linked to a single Fund, the Final Price; or
- (ii) with respect to Fund Linked Notes which are linked to a Basket Portfolio, (a) if Notional Fund Price is not specified as being applicable in the Final Terms, the Final Basket Price or (b) if Notional Fund Price is specified as being applicable in the Final Terms, the Final Basket Portfolio Interest Price.

### 3. **EARLY REDEMPTION**

Notwithstanding Base Conditions 4(a) and 8 of the Base Conditions, if (a) the Calculation Agent determines that an Early Redemption Event has occurred or is continuing, the Calculation Agent shall forthwith give notice as soon as reasonably practicable to the Noteholders in accordance with Base Condition 12 of the Base Conditions, and each Note shall fall due for redemption on the Early Redemption Date at its Early Redemption Amount, or (b) for the purposes of Base Condition 8 of the Base Conditions, an Event of Default occurs and is continuing and a Note held by a Noteholder is declared to be due and payable, the same shall become due and payable on the Early Redemption Date at its Early Redemption Amount.

In the case of Notes that reference a single Fund, if the Calculation Agent determines that the Early Redemption Receipt Date falls on or after the Latest Permissible Receipt Date, then the Issuer may postpone the payment of the Early Redemption Amount to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Early Redemption Receipt Date and the Long Stop Date (the "**Final**

**Early Redemption Date**"). For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Early Redemption Date to the Final Early Redemption Date. If the Calculation Agent determines that the Early Redemption Receipt Date falls on or after the Long Stop Date, the Notes shall be redeemed at zero or such other amount as the Issuer determines in its sole and absolute discretion.

In the case of Notes that reference a Basket Portfolio, if the Early Redemption Receipt Date of one or more of the Funds comprising the Basket Portfolio falls on or after the Latest Permissible Receipt Date (each such Fund being a "**Delayed Early Redemption Fund**"), then if under Basket Early Redemption, the consequence specified is:

- (i) "**Basket Early Redemption Postponement**", the Issuer may postpone payment of the Early Redemption Amount to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Early Redemption Receipt Date in respect of the final Delayed Early Redemption Fund and the Long Stop Date (the "**Final Early Redemption Basket Payment Date**").

For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Early Redemption Date to the Final Early Redemption Basket Payment Date. If the Calculation Agent determines that the Final Early Redemption Basket Payment Date would fall on or after the Long Stop Date, the Notes shall be redeemed at such amount as the Issuer determines in its sole and absolute discretion; or

- (ii) "**Delayed Fund Early Redemption Postponement**", the Issuer may pay the notional redemption proceeds of the Fund Interests that the Issuer would have received by the Latest Permissible Receipt Date on the Early Redemption Date and postpone the payment of the notional redemption proceeds of the Delayed Fund(s) to the date that is that number of Business Days equal to the Settlement Period following the earlier of the Early Redemption Receipt Date in respect of the final Delayed Fund and the Long Stop Date (the "**Delayed Fund Final Early Redemption Date**"). For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment from the Early Redemption Date to the Delayed Fund Final Early Redemption Date. If the Calculation Agent determines that the Early Redemption Receipt Date in respect of the final Delayed Fund falls on or after the Long Stop Date, the Notes shall be redeemed at such amount as the Issuer determines in its sole and absolute discretion.

Any notice to Noteholders in respect of such a payment shall specify the expected date of that payment, which date shall be confirmed by the Issuer in a later separate notice to Noteholders.

For the purposes of this Condition 3 of the Fund Linked Conditions:

"**Associated Costs**" means an amount per Note equal to the *pro rata* share (on the basis of the principal amount of the Note and the aggregate principal amount of all Notes which have not been redeemed or cancelled as at the date for early redemption) of the total amount of any and all costs associated or incurred by the Issuer in connection with

such early redemption including, without limitation, any costs associated with liquidating or amending any financial instruments or transactions entered into by the Issuer in connection with the Notes, together with costs, expenses, fees or taxes incurred by the Issuer in respect of any such financial instruments or transactions and any costs associated with any market disruption, all as determined by the Calculation Agent.

**"Early Redemption Amount"** means, in respect of each Note, an amount in the Relevant Currency equal to the fair market value of such Note less the Associated Costs, with such fair market value being determined on the Early Redemption Receipt Date (taking into account the occurrence of the Early Redemption Event or Event of Default, as the case may be), as determined by the Calculation Agent by reference to such factor(s) as it may deem appropriate.

**"Early Redemption Date"** means the Business Day falling that number of Business Days equal to the Settlement Period following the Early Redemption Receipt Date.

**"Early Redemption Event"** means:

- (a) an event as described in Base Condition 4(c) of the Base Conditions; and
- (b) a determination by the Issuer pursuant to (iii) of Condition 7 and (iii) of Condition 8.2 of the Fund Linked Conditions below.

**"Early Redemption Receipt Date"** means the date on which a holder of a Fund Interest would have received the proceeds of a redemption of such Fund Interest deemed to have been made on or as soon as reasonably practicable after the date, either (a) in the case of an Early Redemption Event, notice of redemption of the Notes given to the Noteholders or, if no such date is specified, on which such notice is given or (b) in the case of an Event of Default, on which the Notes are declared due and payable, all as determined by the Calculation Agent.

**"Long Stop Date"** means the date falling two years after the Early Redemption Date or the Maturity Date, as the case may be (or such other date as specified in the applicable Final Terms).

#### 4. **DEFINITIONS**

For the purposes of these Fund Linked Conditions, the following terms shall have the meanings set out below:

**"Affiliate"** means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Applicable Fund Centers"** has the meaning set out in the applicable Final Terms.

**"Calculation Date"** means an Averaging Date, an Interest Averaging Date, an Observation Date, the Strike Date, a Weight Rebalancing Date, the Valuation Date or any other date on which the Final Price a value of a Fund Interest is required to be calculated.

**"Calculation Determination Date"** means the Business Day (or such number of Business Days as specified in the applicable Final Terms) following the date on which the Interest Price for the Valuation Date or final Averaging Date or Interest Averaging Date, as the case may be, is either notified, published or (if the proviso to the definition of "Fund Interest Price" applies) the Final Redemption Receipt Date or the Early Redemption Receipt Date, as the case may be.

**"Disrupted Day"** means any Fund Business Day or, as applicable, Basket Business Day on which a Market Disruption Event has occurred.

**"Fund Business Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Applicable Fund Centers.

**"Fund Business Day Convention"** means as specified in the applicable Final Terms, where:

- (a) **"Following"** means if the relevant day is not a Fund Business Day or, as applicable, Basket Business Day such day shall be postponed to the next day which is a Fund Business Day or, as applicable, Basket Business Day;
- (b) **"Modified Following"** means if the relevant day is not a Fund Business Day or, as applicable, Basket Business Day such day shall be postponed to the next day which is a Fund Business Day or, as applicable, Basket Business Day unless it would thereby fall into the next calendar month, in which event such day shall be brought forward to the immediately preceding Fund Business Day or, as applicable, Basket Business Day; and
- (c) **"Preceding"** means if the relevant day is not a Fund Business Day or, as applicable, Basket Business Day such day shall be brought forward to the immediately preceding Fund Business Day or, as applicable, Basket Business Day.

**"Fund Manager"** means (a) the person specified as such in the applicable Final Terms, (b) any other person responsible from time to time for notifying the holders of Fund Interests of the relevant net asset value of the Fund or Fund Interests, or (c) the relevant manager or person as described in (b) above in respect of any Replacement Fund as determined by the Calculation Agent in accordance with Condition 7 of the Fund Linked Conditions below.

**"Fund Rules"** means, with respect to a Fund, the terms of the bye-laws and other associated documentation relating to such Fund and any other rules or regulations relating to such Fund and the relevant Fund Interests (including any prospectus in respect of such) existing on the Issue Date of the Notes, including its investment guidelines and restrictions.

**"Hedge Counterparty"** means any party to a contract with the Issuer or any of its Affiliates under which the Issuer obtains a derivative exposure to Fund Interests and includes hedge counterparties of such hedge counterparties.

**"Investing Entity"** means the Issuer, any Affiliate of the Issuer or any Hedge Counterparty that holds, redeems or subscribes Fund Interests and references in the Fund Linked Conditions to an Investing Entity are to any such entity acting in that capacity.

**"Market Disruption Event"** means, in respect of a Fund Business Day, the occurrence or continuation, as determined by the Calculation Agent, of:

- (a) a failure or postponement that is, in the determination of the Calculation Agent, material by a Fund Manager to publish the official net asset value of a Fund per Fund Interest in respect of that Fund Business Day (provided that such Fund Business Day is a day for which such official net asset value is scheduled to be published); or
- (b) the inability of a holder of Fund Interests to subscribe for, or redeem, Fund Interests for value on that Fund Business Day (provided that such Fund Business Day is a day for which subscriptions or redemptions are scheduled to be permissible (in accordance with the Fund Rules)); or
- (c) a postponement or failure of a Fund to make any payment in respect of the redemption of Fund Interests on any day for which such payment is scheduled to be made (in accordance with the Fund Rules).

**"Valid Date"** means a Fund Business Day which the Calculation Agent determines is not a Disrupted Day and on which another Averaging Date or Interest Averaging Date, as the case may be, does not or is not deemed to occur.

**"Valuation Date"** means the date or the dates specified as such in the relevant Final Terms.

## 5. **DISRUPTED DAYS**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

### **"(i) Disrupted Days**

If the Calculation Agent determines that, subject as provided below, any Calculation Date is a Disrupted Day, then such Calculation Date shall be the first succeeding Fund Business Day that is not a Disrupted Day, unless each of the Fund Business Days falling in the Disrupted Period is a Disrupted Day. In that case:

- (a) that final Fund Business Day of the Disrupted Period shall be deemed to be such Calculation Date in respect of the related Fund Interests, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine the Fund Interest Price as its good faith estimate of the relevant Interest Price that would have prevailed, but for the occurrence of a Disrupted Day, on that final Fund Business Day of the Disrupted Period.

If the Calculation Agent determines that any Averaging Date or Interest Averaging Date is a Disrupted Day, then if under Averaging Date Disruption in the Final Terms the consequence specified is:

- (i) "Omission", then such Averaging Date or Interest Averaging Date, as the case may be, shall be deemed not to be an Averaging Date or Interest Averaging Date. If through the operation of this provision no Averaging Date or Interest Averaging Date would occur, then the provisions above will apply for the purposes of determining the relevant Fund Interest Price for the final Averaging Date or Interest Averaging Date as if such final Averaging Date or Interest Averaging Date were a Disrupted Day;
- (ii) "Postponement", then the provisions above will apply for the purposes of determining the relevant Fund Interest Price for that Averaging Date or Interest Averaging Date, as the case may be, as if such Averaging Date or Interest Averaging Date were a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date or Interest Averaging Date, as applicable; or
- (iii) "Modified Postponement", then the relevant Averaging Date or Interest Averaging Date, as the case may be, shall be the first succeeding Valid Date.

If the first succeeding Valid Date has not occurred as of the final Fund Business Day of the Cut-off Period for that original date that, but for the occurrence of another Averaging Date, Interest Averaging Date or Disrupted Day, would have been the final Averaging Date or Interest Averaging Date, as the case may be, then (A) that final Fund Business Day of the Cut-off Period shall be deemed to be the relevant Averaging Date or Interest Averaging Date (irrespective of whether such day is already an Averaging Date or Interest Averaging Date), and (B) the Calculation Agent shall determine the relevant Fund Interest Price for that Averaging Date or Interest Averaging Date with its good faith estimate of the Fund Interest Price that would have prevailed, but for the occurrence of a Disrupted Day, on that deemed Averaging Date or Interest Averaging Date.

Notwithstanding the provisions of Base Condition 4 of the Base Conditions, as amended, if the Calculation Agent determines that the Calculation Determination Date for any payment falls after the Latest Permissible Determination Date, such payment shall be postponed to the date that is the number of Business Days equal to the Settlement Period, following the Calculation Determination Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment. The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of any delay that results in the postponement of any payment in respect of the Notes."

For the purpose of this Base Condition 4(i):

**"Cut-off Period"** means the Disrupted Period or such different number of Fund Business Days as specified in the applicable Final Terms.



**"Disrupted Period"** means the period comprising the number of Fund Business Days specified as such in the applicable Final Terms, commencing on (and including) the day immediately following the original date that, but for the determination by the Issuer of the occurrence of a Disrupted Day, would have been the Strike Date, an Observation Date, the Valuation Date or such Averaging Date or Interest Averaging Date, as the case may be.

**"Latest Permissible Determination Date"** means, in respect of any payment, the date that falls the number of Business Days equal to the Settlement Period before the relevant payment falls due."

## 6. Adjustments

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

### "(j) Adjustments

If the Calculation Agent determines that, in respect of a Fund, a Corporate Event has occurred or is continuing, the Calculation Agent will (a) make the corresponding adjustment(s), if any, to any one or more of the Redemption Amount, the Early Redemption Amount (if any) and/or any of the terms and conditions of the Notes as the Calculation Agent determines appropriate to account for the dilutive or concentrative effect on the value of Fund Interests and (b) determine the effective date(s) of the adjustment(s). The Issuer shall give notice of such adjustment to Noteholders in accordance with Base Condition 12 of the Base Conditions. For the avoidance of doubt, if Corporate Event is also specified as a Substitution Event in the Final Terms, the provisions of Condition 7 of the Fund Linked Conditions shall prevail."

## 7. Inclusion Conditions and Substitution Events

If at any time the Calculation Agent determines that an applicable Substitution Event has occurred or is continuing with respect to a Fund, the Calculation Agent may:

- (i) waive such Substitution Event; or
- (ii) as soon as is practicable after such determination, replace such Fund for the purposes of the Notes with an appropriate alternative fund (a "**Replacement Fund**"), as determined by the Calculation Agent and following any such replacement, the Calculation Agent may make any adjustments to the terms and conditions of the Notes as it deems appropriate to reflect such replacement; or
- (iii) determine that the Notes shall become due for redemption in accordance with Condition 2 of these Fund Linked Conditions; or
- (iv) determine that the effect of the Substitution Event can be compensated by an adjustment to the terms and conditions of the Notes and following any such determination, the Calculation Agent may make any adjustments to the terms and conditions of the Notes as it deems appropriate to reflect such compensation.

A Substitution Event is applicable in respect of the Notes if it is so specified in the Final Terms, where such term so specified shall have the meaning provided immediately below. If no Substitution Event is specified, then no Substitution Event will be deemed to have been specified. If one or more Substitution Events are specified, only the Substitution Events specified will apply. For these purposes:

"**Audit Event**" means the making of any reservation in an audit report of a Fund by the auditors of that Fund that is, in the determination of the Calculation Agent, material;

"**Charging Change**" means the increase of, or introduction by a Fund of (a) a bid/offer spread or (b) charges for subscription or redemption orders made by an Investing Entity, for Fund Interests in addition to any such spread or charge specified in the Fund Rules as applicable on the Issue Date;

"**Corporate Event**" means a declaration by or on behalf of a Fund of:

- (i) a subdivision, consolidation, reclassification or distribution of the relevant Fund Interests which has a diluting or concentrative effect on the theoretical value of such Fund Interests;
- (ii) a (1) dividend (including cash, and whether ordinary or extraordinary), (2) distribution or (3) issue of the relevant Fund Interests, capital, securities, rights or other assets or interests to existing holders of the relevant Fund Interests that has or is likely to have an effect on the value of such Fund Interest; or
- (iii) a call by a Fund in respect of the relevant Fund Interests that are not fully paid;

"**Cross-contamination**" means any cross-contamination or other failure by a Fund to effectively segregate assets between the different classes of Fund Interests and different classes, series or compartments of that Fund;

"**Currency Change**" means the currency in which (a) Fund Interests are denominated or (b) the net asset value of a Fund is calculated, is no longer the currency specified in the Fund Rules;

"**Distribution Inkind**" means a redemption of Fund Interests in the form of a distribution of non-cash assets;

"**Fund Accounting Event**" means any changes in the accounting principles or policies applicable to a Fund and/or its Fund Manager and/or any Investing Entity which might reasonably be expected to have an economic, legal or regulatory impact for the Issuer;

"**Fund Constitution Breach**" means any failure to observe any of the objects, constitution, conditions, nature, or Fund Rules of a Fund that is, in the determination of the Calculation Agent, material;

"**Fund Constitution Change**" means any modification of the objects, constitution, conditions, nature, or Fund Rules of a Fund that is, in the determination of the Calculation Agent, material;

**"Fund Regulatory Event"** means any changes in the regulatory treatment applicable to a Fund and/or its Fund Manager and/or any Investing Entity which might reasonably be expected to have an economic, legal or regulatory impact for the Issuer;

**"Fund Rules Breach"** means any failure of the Fund Manager of a Fund to comply with any terms set out in the Fund Rules of that Fund;

**"Fund Strategy Breach"** means any failure to observe any of the investment objectives, policies or strategy of a Fund that is, in the determination of the Calculation Agent, material;

**"Fund Strategy Change"** means any modification of the investment objectives, policies or strategy of a Fund that is, in the determination of the Calculation Agent, material;

**"Fund Tax Event"** means any changes in the tax treatment applicable to a Fund and/or its Fund Manager and/or any Investing Entity which might reasonably be expected to have an economic, legal or regulatory impact for the Issuer;

**"Hedging Event"** means the Issuer is unable, or would incur an increased cost (compared with that on the Issue Date), to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of, in such size and upon such timing as it determines appropriate, any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s) upon such timing and in such form as it determines appropriate, whether or not in accordance with the Fund Rules;

**"Investor Tax Event"** means any changes in the regulatory, tax, accounting and/or any other treatment applicable to the holder of Fund Interests, which could have an economic or legal or regulatory impact for such holder;

**"Litigation Event"** means the commencement or continuation of litigation involving a Fund, Fund Manager or other service provider of that Fund that is, in the determination of the Calculation Agent, material;

**"Management Change"** means the occurrence of any event or the making of any changes affecting the structure of a Fund, its management, its material service providers, its reputation or solvency and/or the structure of, or rights attaching to, any shares in the capital of a Fund, which, in the reasonable opinion of the Calculation Agent is likely to have a significant impact on the value of the Fund Interests of such Fund, whether immediately or later;

**"Mandatory Disposal"** means any event or circumstance (whether or not imposed by the Fund, or in accordance with the Fund Rules) that obliges the holder of Fund Interests to sell or otherwise dispose of such Fund Interests;

**"Market Event"** means any crisis in the major financial markets such that the holding, trading or managing of an investment in a Fund is impracticable, inadvisable or materially altered;

"**NAV Suspension**" means suspension of the calculation or publication of the net asset value of a Fund, or failure by its Fund Manager, its administrator or any relevant entity duly appointed in that respect to deliver when due any relevant report detailing the net asset value of that Fund;

"**Performance Failure**" means any failure of the Fund Manager, administrator and/or the custodian (and/or other relevant service provider, as determined by the Calculation Agent) of a Fund to perform any of its material obligations under the Fund Rules or the liquidation, termination of appointment or resignation of the Fund Manager, administrator, custodian and/or a relevant service provider of such Fund;

"**Potential Regulatory Event**" means an investigation into the activities of a Fund, its Fund Manager, its custodian and/or its administrator being launched, or such activities being placed under review, in each case by their respective regulatory authorities or other competent body, for reason of alleged wrong-doing, alleged breach of any rule or regulation, or other similar reason;

"**Redemption Failure**" means a holder of Fund Interests would be unable to receive redemption payments in respect of such Fund Interests;

"**Regulatory Event**" means the winding-up, the closure or the termination of a Fund or the cancellation of the approval or registration of a Fund or its Fund Manager (or any successor thereto) by any relevant regulatory authority;

"**Subscription/Redemption Alteration**" means any subscription or redemption orders with respect to Fund Interests are not executed as described in the Fund Rules for that Fund;

"**Subscription/Redemption Restriction**" means any suspension of, or any restriction on, the acceptance of subscriptions or redemptions for Fund Interests or any limitation imposed on such subscription or redemptions (whether or not in accordance with the Fund Rules); or

"**Transfer Restriction**" means suspension of, or any restriction on, the ability of a holder of Fund Interests to transfer any such Fund Interests, other than in accordance with the Fund Rules.

## 8. **BASKET PORTFOLIO**

If Basket Portfolio is specified as applicable in the relevant Final Terms, the Issuer will establish and maintain a notional basket portfolio (the "**Basket Portfolio**") in respect of the Notes that shall comprise a notional investment in a basket of Funds. The Basket Portfolio will be notionally subdivided into interests (each a "**Basket Portfolio Interest**"). The value from time to time of a Basket Portfolio Interest (the "**Basket Portfolio Interest Price**") will be equal to the Basket Value divided by the Number of Basket Portfolio Interests. The value of the Basket Portfolio (the "**Basket Value**") shall initially equal the Initial Basket Value and subsequently shall equal the sum of the Fund Values. The Initial Number of Basket Portfolio Interests equals the Aggregate Nominal Amount of the Notes divided by the Specified Denomination, unless otherwise specified in the relevant Final Terms. On each occasion on which there is a notional redemption or subscription of Basket Portfolio Interests, the Number of Basket

Portfolio Interests will be increased (in the case of a subscription) or decreased (in the case of a redemption) by the amount of such subscription or redemption divided by the Basket Portfolio Interest Price. Basket Portfolio Interests may only be notionally redeemed or subscribed on a Basket Business Day.

The Funds included in the Basket Portfolio and their respective Weights as of the Strike Date (the "**Initial Weights**") will be set out in the applicable Final Terms. The "**Initial Number of Fund Interests**" for each Fund will be determined in accordance with the following formula:

Initial Basket Value x Initial Weight/Fund Interest Price at which the relevant Fund Interest is notionally purchased on the Strike Date.

The Number of Fund Interests will change over time (i) on the notional redemption or subscription of Basket Portfolio Interests or (ii) on a Weight Rebalancing, including following a Basket Substitution Event as set out below. If any notional redemption or subscription of Basket Portfolio Interests does not fall on a Weight Rebalancing Date, the Issuer shall notionally redeem or subscribe, as the case may be, a *pro rata* number of each Fund's Fund Interests in the Basket Portfolio equal to the proportion of Basket Portfolio Interests redeemed or subscribed. Otherwise, the redemption or subscription of Fund Interests shall be effected in accordance with the Weight Rebalancing provisions in Condition 8 of these Fund Linked Conditions set out below such that the number of Fund Interests redeemed or subscribed in each Fund shall be such number that will result in the Fund having the Weight required by the Weight Rebalancing provisions in Condition 8.1 of these Fund Linked Conditions.

Where:

"**Basket Business Day**" has the meaning specified in the applicable Final Terms.

"**Fund Value**" means, in relation to each Fund included in a Basket Portfolio, the product of the Number of Fund Interests and the Fund Interest Price for that Fund.

"**Initial Basket Value**" means the Aggregate Nominal Amount of the Notes (or such other amount as specified in the relevant Final Terms).

"**Number of Basket Portfolio Interests**" equals the Initial Basket Value divided by the initial Basket Portfolio Interest Price.

"**Number of Fund Interests**" means, in relation to each Fund included in the Basket Portfolio, the number of Fund Interests in such Fund included in the Basket Portfolio as determined above.

"**Weight**" means, in relation to each Fund included in the Basket Portfolio, the percentage of the Basket Value comprised by the related Fund Value.

"**Weight Rebalancing Date**" has the meaning specified in the applicable Final Terms.

## 8.1 **Weight Rebalancing**

The Weight of each Fund in a Basket Portfolio may be adjusted on each Weight Rebalancing Date in accordance with the following provisions, provided that the sum

of the Weights of all the Funds in the Basket Portfolio shall always be 100 per cent. and each rebalancing shall involve a notional subscription of Fund Interests (where the weight of a Fund is to increase) or redemption of Fund Interests (where the weight of a Fund is to decrease) in each Fund the Weight of which is to be rebalanced such that the Basket Value is not affected by the rebalancing (although it may be affected by changes in individual Fund Interest Prices that occur during the rebalancing).

- (i) *No Weight Rebalancing*: If "**No Weight Rebalancing**" is specified as being applicable in the relevant Final Terms, Weight Rebalancing will not be applicable.
- (ii) *Standard Weight Rebalancing*: If "**Standard Weight Rebalancing**" is specified as being applicable in the relevant Final Terms, the Weight of each Fund within the Basket Portfolio on a Weight Rebalancing Date shall be adjusted so that it equals the Weight of such Fund on the Weight Rebalancing Date immediately prior to the Weight Rebalancing Date after the application of the relevant Weight Rebalancing provisions as of such prior Weight Rebalancing Date. Where no Weight Rebalancing Date has occurred prior to the Weight Rebalancing Date or if Standard Weight Rebalancing is the only applicable Weight Rebalancing provision during the term of the Notes, the Weight of each Fund within the Basket Portfolio on the Weight Rebalancing Date shall be adjusted so that it equals its Initial Weight.
- (iii) *Active Weight Rebalancing*: If "**Active Weight Rebalancing**" is specified as being applicable in the relevant Final Terms, a third party, which, for the avoidance of doubt, shall not be acting as an agent for the Issuer, the Calculation Agent or any of their affiliates and will not hold itself out as an agent for the Issuer, the Calculation Agent or any of their affiliates, as designated in the relevant Final Terms ("**Active Weight Rebalancing Entity**") may on providing the Calculation Agent with such written notice ("**Active Weight Rebalancing Written Notice**") as specified in the relevant Final Terms prior to a Weight Rebalancing Date, adjust the Weights applying to each Fund in the Basket Portfolio on a Weight Rebalancing Date, provided that immediately following such Active Weight Rebalancing the composition of the Basket Portfolio complies with the Investment Restrictions. If no Active Weight Rebalancing Written Notice has been received by the Calculation Agent prior to a Weight Rebalancing Date or if an Active Weight Rebalancing Written Notice does not comply with the Investment Guidelines, Fallback Active Weight Rebalancing will apply.

Where:

"**Active Weight Rebalancing Entity**" has the meaning specified in the applicable Final Terms.

"**Active Weight Rebalancing Written Notice**" means 100 calendar days unless otherwise specified in the applicable Final Terms.

"**Fallback Active Weight Rebalancing**" means No Weight Rebalancing unless otherwise specified in the relevant Final Terms.

"**Investment Restrictions**" has the meaning specified in the applicable Final Terms.

- (iv) *Standard Weight Rebalancing subject to Thresholds*: If "Standard Weight Rebalancing subject to Thresholds" is specified as being applicable in the relevant Final Terms and the difference between the Weight of any Fund on a Weight Rebalancing Date and the Weight of such Fund on the previous Weight Rebalancing Date on which there was a rebalancing is more than the Threshold specified in the applicable Final Terms, the Weight of each Fund within the Basket Portfolio on that Weight Rebalancing Date shall be adjusted so that it equals the Weight of such Fund on the most recent Weight Rebalancing Date prior to the Weight Rebalancing Date on which there was a rebalancing after the application of the relevant Weight Rebalancing provisions as of such prior Weight Rebalancing Date. Where no Weight Rebalancing Date has occurred prior to the Weight Rebalancing Date or if Standard Weight Rebalancing is the only applicable Weight Rebalancing provision during the term of the Notes, the Weight of each Fund within the Basket Portfolio on the Weight Rebalancing Date shall be adjusted (subject to the threshold) so that it equals its Initial Weight.

## 8.2 **Basket Substitution Events**

If the Calculation Agent determines that a Substitution Event as defined in Condition 7 of these Fund Linked Conditions has occurred in relation to a Fund in the Basket Portfolio at such time (the "**Original Fund**") then the Calculation Agent may:

- (i) waive such Substitution Event; or
- (ii) remove such Fund from the Basket Portfolio with effect as soon as reasonably practicable and, as soon as reasonably practicable following the removal of such Fund, either:
  - (a) substitute such Fund with a Replacement Fund having the same weight as the Original Fund or more than one Replacement Fund having individual Weights selected by the Calculation Agent and an aggregate Weight equal to the Original Fund; or
  - (b) if no Replacement Fund is available or if a Fund Substitution Event has occurred in relation to each of the Replacement Funds, adjust the Weights of the remaining Funds in the Basket Portfolio;

and following any such replacement or weight adjustment, the Calculation Agent may make any adjustments to the terms and conditions of the Notes as it deems appropriate to reflect such replacement or weight adjustment; or

- (iii) determine that the Notes shall become due for redemption in accordance with Condition 2 of these Fund Linked Conditions above; or
- (iv) determine that the effect of the Substitution Event can be compensated by an adjustment to the terms and conditions of the Notes and following any such determination, the Calculation Agent may make any adjustments to the terms

and conditions of the Notes as it deems appropriate to reflect such compensation.

As of such date of replacement of the Original Fund with one or more Replacement Funds, the Replacement Fund (or where more than one Replacement Fund is used, the Replacement Funds together) will be deemed to be the Original Fund for the purposes of this Condition 8.2 of these Fund Linked Conditions.

For the avoidance of doubt, the Issuer or the Calculation Agent are under no obligation to monitor whether or not a Substitution Event has occurred in respect of any Fund. Neither the Issuer nor the Calculation Agent shall be liable to any Noteholder for losses resulting from (i) any determination that the Substitution Event has occurred or has not occurred in relation to a Fund, (ii) the timing relating to the determination that a Substitution Event has occurred in relation to a Fund or (iii) any actions taken or not taken by the Issuer as a result of such determination that a Substitution Event has occurred.

### 8.3 **Basket Adjustments**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

#### "(o) **Basket Adjustments**

If the Calculation Agent determines that, in respect of a Fund in the Basket Portfolio, a Corporate Event has occurred or is continuing, the Calculation Agent will (a) make the corresponding adjustment(s), if any, to any one or more of the Redemption Amount, the Early Redemption Amount (if any) and/or any other provision as the Calculation Agent determines appropriate to account for the dilutive or concentrative effect on the value of the relevant Fund Interests and (b) determine the effective date(s) of the adjustment(s). The Issuer shall give notice of such adjustment to Noteholders in accordance with Base Condition 12 of the Base Conditions. For the avoidance of doubt, if Corporate Event is also specified as a Substitution Event in the Final Terms, the provisions of Condition 6.2 of these Fund Linked Conditions shall prevail."

### 8.4 **Basket Portfolio Disrupted Days**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(l) as follows:

#### "(l) **Basket Portfolio Disruption**

If the Calculation Agent determines that, subject as provided below, any Calculation Date in respect of any Fund Interest in the Basket Portfolio is a Disrupted Day (each an "**Affected Fund Interest**"), then:

- (i) if "**Affected Fund Disruption**" is specified in the relevant Final Terms, the relevant Calculation Date in respect of the Affected Fund Interest only shall be the first succeeding relevant Fund Business Day that is not a Disrupted Day, unless each of the relevant Fund Business Days falling in the Disrupted Period is a Disrupted Day. In that case (a) the final Fund Business Day of the Disrupted



Period shall be deemed to be the relevant Calculation Date in respect of the Affected Fund Interest, notwithstanding the fact that such day is a Disrupted Day and (b) the Calculation Agent shall determine the Fund Interest Price of the Affected Fund Interest as its good faith estimate of the Fund Interest Price of the Affected Fund Interest that would have prevailed, but for the occurrence of a Disrupted Day, on that final Fund Business Day of the Disrupted Period (the "**Affected Fund Calculation Date**"). The related Basket Value shall be determined on the Affected Fund Calculation Date and the Fund Values for all Fund Interests that are not Affected Fund Interests shall be determined on the relevant scheduled Calculation Date.

If the Calculation Agent determines that any Averaging Date or Interest Averaging Date is a Disrupted Day and Affected Fund Disruption is specified, then if under Basket Averaging Date Disruption in the Final Terms the consequence specified is:

- (A) "**Affected Fund Omission**", then such Averaging Date or Interest Averaging Date shall be deemed not to be an Averaging Date or Interest Averaging Date, in relation to the Affected Fund only. If through the operation of this provision no Averaging Date or Interest Averaging Date would occur in relation to such Affected Fund, then the provisions above will apply for the purposes of determining the relevant Fund Interest Price for the final Averaging Date or Interest Averaging Date as if such final Averaging Date or Interest Averaging Date were a Disrupted Day;
- (B) "**Affected Fund Postponement**", then the provisions above will apply for the purposes of determining the relevant Fund Interest Price of the relevant Affected Fund Interest only for that Averaging Date or Interest Averaging Date, as if such Averaging Date or Interest Averaging Date were a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date or Interest Averaging Date would fall on a date that already is or is deemed to be an Averaging Date or Interest Averaging Date; or
- (C) "**Affected Fund Modified Postponement**", then the relevant Averaging Date or Interest Averaging Date for the relevant Affected Fund Interest only shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the final Fund Business Day of the Cut-off Period for that original date that, but for the occurrence of another Averaging Date or Interest Averaging Date or Disrupted Day, would have been the final Averaging Date or Interest Averaging Date then (A) that final Fund Business Day of the Cut-off Period shall be deemed to be the relevant Averaging Date or Interest Averaging Date (irrespective of whether such day is already an Averaging Date or Interest Averaging Date), and (B) the Calculation Agent shall determine the relevant Fund Interest Price of the relevant Affected Fund for that Averaging Date or Interest Averaging Date with its good faith estimate of the Fund Interest Price that would have prevailed.

- (ii) if "**Basket Disruption**" is specified in the relevant Final Terms, the relevant Calculation Date for all Fund Interests in the Basket Portfolio shall be the first succeeding Basket Business Day that is not a Disrupted Day, unless each of the Basket Business Days falling in the Disrupted Period is a Disrupted Day. In that case (a) that final Basket Business Day of the Disrupted Period shall be deemed to be the relevant Calculation Date in respect of all Fund Interests in the Basket Portfolio and (b) the Calculation Agent shall determine the Fund Interest Price of each Affected Fund Interest as its good faith estimate of the relevant Fund Interest Price of each Affected Fund Interest that would have prevailed, but for the occurrence of a Disrupted Day, on that final Basket Business Day of the Disrupted Period.

If the Calculation Agent determines that any Averaging Date or Interest Averaging Date is a Disrupted Day and Basket Disruption is specified, then if under Basket Averaging Date Disruption in the Final Terms the consequence specified is:

- (A) "**Basket Omission**", then such Averaging Date or Interest Averaging Date shall be deemed not to be an Averaging Date or Interest Averaging Date, in relation to the Basket Portfolio, for the purposes of determining the Basket Portfolio Interest Price. If through the operation of this provision no Averaging Date or Interest Averaging Date would occur in relation to the Basket Portfolio, then the provisions above will apply for the purposes of determining each Fund Interest Price for the final Averaging Date or Interest Averaging Date as if such final Averaging Date or Interest Averaging Date were a Disrupted Day;
- (B) "**Basket Postponement**", then the provisions above will apply for the purposes of determining the Fund Interest Price of each Fund in the Basket Portfolio for that Averaging Date or Interest Averaging Date as if such Averaging Date or Interest Averaging Date were a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date or Interest Averaging Date; or
- (C) "**Basket Modified Postponement**", then the relevant Averaging Date or Interest Averaging Date for each Fund Interest in the Basket Portfolio shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the final Basket Business Day of the Cut-off Period for that original date that, but for the occurrence of another Averaging Date or Interest Averaging Date or Disrupted Day, would have been the final Averaging Date or Interest Averaging Date then (A) that final Basket Business Day of the Cut-off Period shall be deemed to be the relevant Averaging Date or Interest Averaging Date (irrespective of whether such day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant Fund Interest Price of each Fund in the Basket Portfolio for that Averaging Date or Interest Averaging Date with its good faith estimate of each Fund Interest Price that would have prevailed.

For the purposes of this paragraph (ii) only, all references in the definitions of Cut-off Period, Disruption Period and Value Date to Fund Business Day shall be construed to be references to Basket Business Day.

- (iii) If "**Affected Fund Estimate**" is specified in the relevant Final Terms, the Calculation Agent shall determine the price of one relevant Affected Fund Interest as its good faith estimate of the price of one relevant Affected Fund Interest that would have prevailed, but for the occurrence of a Disrupted Day, on the relevant scheduled Calculation Date."

## CHAPTER 6 – CREDIT LINKED NOTES

### GENERAL TERMS FOR CREDIT LINKED NOTES

The terms and conditions applicable to Credit Linked Notes issued by the Issuer shall comprise the Terms and Conditions set out in Chapter 2 (the "**Base Conditions**") and the specific terms and conditions set out below (the "**Credit Linked Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2 completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Credit Linked Conditions, the Credit Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Credit Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. FINAL REDEMPTION AMOUNT AND MATURITY DATE

Base Condition 4(b) (*Maturities/Final Redemption*) shall not apply and instead the provisions of this Credit Linked Condition 1 shall apply.

- (a) For the purposes of the Credit Linked Notes, "**Scheduled Maturity Date**" means the original Maturity Date specified in paragraph 7 of the Final Terms.
- (b) Unless either (i) the Notes have been previously redeemed or purchased and cancelled, or (ii) the provisions of Credit Linked Condition 2 apply, the Issuer will redeem each of the Notes on the Scheduled Maturity Date in an amount equal to its Final Redemption Amount on the Scheduled Maturity Date.
- (c) The Calculation Agent may deliver an Extension Notice at any time prior to the Scheduled Maturity Date in accordance with Credit Linked Condition 9(d). As soon as reasonably practicable after receiving an Extension Notice from the Calculation Agent, the Issuer shall promptly inform the Fiscal Agent and the Noteholders in accordance with Base Condition 12 (*Notices*).

#### 2. REDEMPTION UPON THE OCCURRENCE OF A CREDIT EVENT

- (a) Subject to Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*), if a Credit Event occurs during the Credit Observation Period and in respect thereof a Credit Event Determination Date occurs, the Issuer shall redeem each Note in whole or, if the Notes are Linear Basket Credit Linked Notes, in part as follows:
  - (i) if (A) "Cash Settlement" is specified as the Settlement Basis in the applicable Final Terms or (B) "Cash or Physical Settlement" or "Cash or Physical Settlement or Auction Settlement" is specified as the Settlement Basis in the applicable Final Terms and Cash Settlement is elected by the Issuer in the Issuer Credit Event Notice (as defined below) or (C) "Cash Settlement" is specified as the Fallback Settlement Basis and the provisions of Credit Linked Condition 6 (*Auction Settlement*) requires that the Issuer redeem the Credit Linked Notes in accordance with Credit Linked Condition 4 (*Cash Settlement*), by payment on the Cash Settlement Date of the Cash Settlement Amount;

- (ii) if (A) "Physical Settlement" is specified as the Settlement Basis in the applicable Final Terms or (B) "Cash or Physical Settlement" or "Cash or Physical Settlement or Auction Settlement" is specified as the Settlement Basis in the applicable Final Terms and Physical Settlement is elected by the Issuer in the Issuer Credit Event Notice or (C) "Physical Settlement" is specified as the Fallback Settlement Basis and the provisions of Credit Linked Condition 6 (*Auction Settlement*) requires that the Issuer redeem the Credit Linked Notes in accordance with Credit Linked Condition 5 (*Physical Settlement*), by Delivery of the Relevant Proportion of the Deliverable Obligation by the Physical Settlement Date;
- (iii) if "Auction Settlement" is specified as the Settlement Basis in the applicable Final Terms, by payment on or before the Auction Cash Settlement Date of the Auction Cash Settlement Amount;
- (iv) if "Cash or Physical Settlement" is specified as the Settlement Basis in the applicable Final Terms, as set out in sub-paragraph (i) or (ii) above at the option of the Issuer in its sole and absolute discretion and notified to Noteholders in the relevant Issuer Credit Event Notice; or
- (v) if "Cash or Physical Settlement or Auction Settlement" is specified as the Settlement Basis in the applicable Final Terms, as set out in sub-paragraph (i), (ii) or (iii) above at the option of the Issuer in its sole and absolute discretion and notified to Noteholders in the relevant Issuer Credit Event Notice,

and in each case listed from items (i) to (v) above, but subject to Credit Linked Condition 9 (*Interest Payment Date and Maturity Date Postponement*), upon redemption of the Notes (or, if the Notes are Linear Basket Credit Linked Notes, part thereof), interest (if any) accrued (but unpaid) until the date fixed for redemption shall not be due to the holders of the Notes.

- (b) If the Notes are Linear Basket Credit Linked Notes, upon every redemption of a portion of the same, the Calculation Amount will be reduced, with effect from (and including) the Interest Accrual Date immediately preceding the date fixed for redemption, by an amount corresponding to the Applicable Redemption Proportion.
- (c) Upon discharge by the Issuer of such payment or delivery obligation on or before the Cash Settlement Date or the Auction Cash Settlement Date (or, if the Cash Settlement Amount or the Auction Cash Settlement Amount is zero, upon the occurrence of the Cash Settlement Date or the Auction Cash Settlement Date, as the case may be) or on or before by the Physical Settlement Date, as the case may be, or otherwise as provided herein, the Issuer's obligations in respect of the Notes shall be discharged except to the extent otherwise provided in these Credit Linked Conditions.
- (d) If a Credit Event occurs during the Credit Observation Period but no Credit Event Determination Date occurs in respect thereof, the Issuer may elect to redeem each of the Notes in an amount equal to its Final Redemption Amount on either (i) the date which is three Business Days following the Settlement Election End Date (the "**Final Payment Date**") or subject to the occurrence of any other Credit Event which may occur during the Credit Observation Period (ii) if the Scheduled Maturity Date is later than the Final Payment Date, on the Scheduled Maturity Date (in which case interest

(if applicable) shall continue to accrue from the date on which interest ceased to accrue in accordance with Credit Linked Condition 9, any such accrued but unpaid interest being payable on the Interest Payment Date next following the Final Payment Date shall be paid in accordance with the Base Conditions) and the Issuer shall, as soon as reasonably practicable give notice of such election to the Fiscal Agent and the Noteholders in accordance with Base Condition 12 (*Notices*).

- (e) If the applicable Final Terms or Issuer Credit Event Notice specifies that Cash Settlement shall apply then the provisions of Credit Linked Condition 4 (*Cash Settlement*) shall apply, if Physical Settlement is so specified then the provisions of Credit Linked Condition 5 (*Physical Settlement*) shall apply and if Auction Settlement is so specified then the provisions of Credit Linked Condition 6 (*Auction Settlement*) shall apply.

### 3. NOTICES

- (a) In accordance with these Credit Linked Conditions, the entity specified as the relevant Notifying Party specified in the Final Terms may deliver a Credit Event Notice and (if applicable) a Notice of Publicly Available Information at any time on or prior to the Settlement Election End Date and the Issuer shall, as soon as reasonably practicable after receipt of a Credit Event Notice (or after having sent a Credit Event Notice, as applicable), give notice (the "**Issuer Credit Event Notice**") to the Fiscal Agent and the Noteholders in accordance with Base Condition 12 (*Notices*) that a Credit Event Notice has been delivered with respect to the Credit Linked Notes and shall in such notice, if "Cash or Physical Settlement" or "Cash or Physical Settlement or Auction Settlement" is specified as the Settlement Basis in the applicable Final Terms, specify whether it elects to redeem the Notes by Cash Settlement, Physical Settlement or Auction Settlement (in case of "Cash or Physical Settlement or Auction Settlement") (and the applicable Fallback Settlement Basis) or by Cash Settlement or Physical Settlement (in case of "Cash or Physical Settlement").
- (b) Where the Notes are Nth-to-Default Credit Linked Notes, the Calculation Agent may deliver a Credit Event Notice and (if applicable) a Notice of Publicly Available Information to the Issuer in respect of a Credit Event having occurred in relation to any of the Reference Entities (whether or not such Credit Event is the first to occur). If a Credit Event occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall in its sole discretion select which Reference Entity shall be deemed to be subject to the Credit Linked Conditions, if any.
- (c) In the case of a Credit Linked Note where "Physical Settlement" is specified as the Settlement Basis in the relevant Final Terms, the Issuer will deliver a Notice of Physical Settlement to the Fiscal Agent and the Noteholders in accordance with Base Condition 12 (*Notices*) prior to the relevant Physical Determination Date. For purposes of determining whether such Notice of Physical Settlement has been so delivered by the Physical Determination Date, the effective date of delivery of the initial Notice of Physical Settlement (whether or not a subsequent NOPS Amendment Notice is delivered in accordance with Credit Linked Condition 5(a)) shall be used.
- (d) Where Restructuring is specified in the relevant Final Terms as being an applicable Credit Event, there may be more than one Credit Event Determination Date in respect of the same Reference Entity as further described in Credit Linked Condition 11

(*Restructuring Credit Event*) below. In addition, in the case of a Basket Credit Linked Note, there may be multiple Credit Event Determination Dates but, other than as set out in the preceding sentence, only one Credit Event Determination Date in respect of each Reference Entity. In the case of a Basket Credit Linked Note, a Credit Event Determination Date in respect of more than one Reference Entity may occur on any one date. The provisions set out in these Credit Linked Conditions set out the mechanics that apply in respect of one Reference Entity and shall apply severally to each Reference Entity for a Basket Credit Linked Note.

- (e) Where Repudiation/Moratorium and/or Failure to Pay is specified in the relevant Final Terms as being an applicable Credit Event, the Calculation Agent may deliver an Extension Notice to the Issuer in respect of a Potential Repudiation/Moratorium and/or Failure to Pay.
- (f) Any Credit Event Notice, Notice of Publicly Available Information, Notice of Physical Settlement, NOPS Amendment Notice or Extension Notice, as the case may be, delivered on or prior to 5:00 p.m. (Milan time) on a Business Day is effective on such date and if delivered after such time or on a day that is not a Business Day, is deemed effective on the next following Business Day.

#### 4. CASH SETTLEMENT

- (a) Subject to Credit Linked Condition 7 (*Suspension Terms*) and Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*), if (i) "Cash Settlement" is specified as the Settlement Basis in the applicable Final Terms or (ii) "Cash or Physical Settlement" or "Cash or Physical Settlement or Auction Settlement" is specified as the Settlement Basis in the applicable Final Terms and (Cash Settlement is elected by the Issuer in the Issuer Credit Event Notice) or (iii) "Cash Settlement" is specified as the Fallback Settlement Basis and the provisions of Credit Linked Condition 6 (*Auction Settlement*) requires that the Issuer redeem the Credit Linked Notes in accordance with this Credit Linked Condition 4 (*Cash Settlement*), on the Cash Settlement Date the Issuer shall, subject as aforesaid, redeem, in the case of Notes that are not Linear Basket Credit Linked Notes, each Note in whole or, in the case of Notes that are Linear Basket Credit Linked Notes, a portion of the principal amount of each Note equal to the Applicable Redemption Proportion, by payment of the Cash Settlement Amount.
- (b) The Cash Settlement Amount in respect of each Note shall be the amount specified as such in the applicable Final Terms (which may be a *pro rata* share of the Recovery Amount) or, if no such amount is specified, an amount determined by the Calculation Agent to be the greater of (a) zero and (b) an amount equal to (i) the Applicable Redemption Proportion (if applicable) multiplied by (ii) the outstanding principal amount of such Note multiplied by (iii) the Final Price of the Reference Obligation(s), **provided that:** (x) if the applicable Final Terms specify that "Hedge Unwind Adjustment" is applicable, then the Cash Settlement Amount or Recovery Amount, as the case may be, shall be adjusted upwards or downwards, as applicable, to reflect the *pro rata* Hedge Unwind Costs; or (y) if the applicable Final Terms specify that "Standard Unwind Adjustment" is applicable, then the Cash Settlement Amount or Recovery Amount, as the case may be, shall be adjusted upwards or downwards, as applicable, to reflect the *pro rata* Standard Unwind Costs. Payment by the Issuer of the

Cash Settlement Amount shall fully and effectively discharge the Issuer's obligation to redeem the Applicable Redemption Proportion of the relevant Note.

- (c) If the Cash Settlement Amount is to be determined by reference to the Final Price of the Reference Obligation(s), such Final Price shall be determined in accordance with the Valuation Method specified in the applicable Final Terms, or, if no such Valuation Method is specified, the Final Price shall be determined (i) with respect to one Valuation Date, in accordance with the "Highest" Valuation Method; (ii) with respect to more than one Valuation Date, in accordance with the "Average Highest" Valuation Method. Notwithstanding the foregoing, if Quotations obtained in respect of the Valuation Method include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market or Average Market, as the case may be.
- (d) Unless otherwise specified in the relevant Final Terms, the Calculation Agent may select in its sole discretion, in respect of each Defaulted Credit any Valuation Date falling on or after the Credit Event Determination Date and on or before the one hundred and twenty-fifth (125<sup>th</sup>) Business Day following the Credit Event Determination Date relating to such Defaulted Credit. The Calculation Agent will select as a Valuation Date a day falling on or before the seventy-second (72<sup>nd</sup>) Business Day following the Credit Event Determination Date unless it determines in good faith that material problems exist in the market place in delivering obligations of the relevant Reference Entity under credit default swap contracts, in which case it may select a Valuation Date falling after the seventy-second (72<sup>nd</sup>) Business Day, but not later than the one hundred and twenty-fifth (125<sup>th</sup>) Business Day, after such date.

## 5. PHYSICAL SETTLEMENT

- (a) Subject to Credit Linked Condition 7 (*Suspension Terms*) and Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*), if (i) "Physical Settlement" is specified as the Settlement Basis in the applicable Final Terms or (ii) "Cash or Physical Settlement" or "Cash or Physical Settlement or Auction Settlement" is specified as the Settlement Basis in the applicable Final Terms (and Physical Settlement is elected by the Issuer in the Issuer Credit Event Notice) or (iii) "Physical Settlement" is specified as the Fallback Settlement Basis and the provisions of Credit Linked Condition 6 (*Auction Settlement*) requires that the Issuer redeem the Credit Linked Notes in accordance with this Credit Linked Condition 5 (*Physical Settlement*), the Issuer shall, on or before the Physical Determination Date, deliver to the Fiscal Agent and the Noteholders in accordance with Base Condition 12 (*Notices*) a Notice of Physical Settlement. The Issuer may serve a notice (a "**NOPS Amendment Notice**") to replace, in whole or in part, one or more of the Deliverable Obligations and/or the detailed description of the Deliverable Obligations at any time on or prior to the Physical Settlement Date and the NOPS Amendment Notice served within this period shall override a previous Notice of Physical Settlement or, if applicable, any previous NOPS Amendment Notice(s). The Issuer may correct any errors or inconsistencies in the detailed description of the Deliverable Obligations by notice to the Fiscal Agent and the Noteholders at any time prior to the Delivery Date. IF "Asset Package Delivery" is applicable in the relevant Final Terms, the Issuer shall notify the Noteholders and the Fiscal Agent on the NOPS Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), of the detailed description of the Asset Package, if any, that it intends to Deliver to the Noteholders in lieu of the Prior



Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, it being understood that such notice shall not constitute a NOPS Amendment Notice.

Unless otherwise specified in the applicable Final Terms, the amount of the Deliverable Obligation(s) in respect of the Notes shall be determined as follows:

- (i) where the Deliverable Obligation(s) constitute Borrowed Money, the Deliverable Obligations (selected by the Issuer in its sole and absolute discretion and notified to Noteholders in the relevant Notice of Physical Settlement) shall have an aggregate Outstanding Principal Balance (including accrued but unpaid interest (as determined by the Calculation Agent if "Include Accrued Interest" is specified in the applicable Final Terms, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified in the applicable Final Terms, and if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Final Terms, excluding accrued but unpaid interest) equal to:
  - (A) if the Notes are not Linear Basket Credit Linked Notes, the outstanding principal amount of the Notes outstanding as at the related Event Determination Date; or
  - (B) if the Notes are Linear Basket Credit Linked Notes, the Related Nominal Amount of the relevant Reference Entity to which the Credit Event relates; or
- (ii) where the Deliverable Obligation(s) are not Borrowed Money, the Deliverable Obligations (selected by the Issuer in its sole and absolute discretion and notified to Noteholders in the relevant Notice of Physical Settlement) shall have a Due and Payable Amount (or the equivalent Currency Amount of any such amount), equal to:
  - (A) if the Notes are not Linear Basket Credit Linked Notes, the outstanding principal amount of the Notes outstanding as at the related Event Determination Date; or
  - (B) if the Notes are Linear Basket Credit Linked Notes, the Related Nominal Amount of the relevant Reference Entity to which the Credit Event relates.
- (b) On or prior to the Physical Settlement Date the Issuer shall, subject to Credit Linked Condition 5(c) and Credit Linked Condition 7 (*Suspension Terms*), redeem, in the case of Notes that are not Linear Basket Notes, each Note in whole or, in the case of the Notes that are Linear Basket Credit Linked Notes, a portion of the principal amount of each Note equal to the Applicable Redemption Proportion (if applicable), by Delivering to each Noteholder the Relevant Proportion of the Deliverable Obligation(s). In the event that the Issuer, for any reason whatsoever, is unable to effect delivery of the Relevant Proportion of the Deliverable Obligation(s) to any Noteholder by the Physical Settlement Date, the Issuer may continue to attempt such Delivery for an additional sixty (60) Business Days after the Physical Settlement Date. Subject to Credit Linked Condition 5(f), failure by the Issuer to Deliver to a Noteholder the Relevant Proportion

of the Deliverable Obligation(s) on or prior to the date that is sixty (60) Business Days after the Physical Settlement Date shall not constitute an Event of Default under the Base Conditions. Delivery of the Relevant Proportion of the Deliverable Obligation(s) by the Issuer pursuant to this Credit Linked Condition 5 (and/or payment of any amounts in connection therewith pursuant to Credit Linked Condition 5(f) and/or 5(i)) shall fully and effectively discharge the Issuer's obligation to redeem the Applicable Redemption Proportion of the relevant Note.

- (c) In order to obtain Delivery of the Relevant Proportion of the Deliverable Obligation(s), each Noteholder must deliver to the Issuer or the Paying Agent within five Business Days of the date of delivery of the initial Notice of Physical Settlement (or any subsequent NOPS Amendment Notice, as the case may be) (each such date, a "**Physical Settlement Cut-Off Date**") (i) a duly completed Asset Transfer Notice in accordance with Credit Linked Condition 5(h), the form of which may be obtained from the specified office of the Issuer or the Paying Agent and (ii) in the case of a holding of a Definitive Note, the Note (which expression shall, for the purposes of this Credit Linked Condition 5(c), include Note(s) and Receipt(s)). In the event that the Note is represented by a Global Note, an Asset Transfer Notice must be delivered to the Issuer via the relevant clearing system, by such method of delivery as the relevant clearing system shall have approved or such other method as may be specified in the relevant Final Terms.
- (d) After delivery of a valid Asset Transfer Notice, no transfers of the Notes specified therein which are represented by a Global Note may be effected by any relevant clearing system.
- (e) Upon receipt of a duly completed Asset Transfer Notice and, in the case of Definitive Notes, the Note to which such notice relates, the Issuer, any relevant clearing system or the Paying Agent, as the case may be, shall verify that the person specified therein as the accountholder, is the Holder of the Note referred to therein according to its books.

Subject as provided herein, in relation to each Note, the Relevant Proportion of the Deliverable Obligation(s) will be Delivered to the relevant Noteholder at the risk of such Noteholder.

If the Asset Transfer Notice (and with respect to Definitive Notes, the relevant Note) are delivered to the Issuer or the Paying Agent (as the case may be) later than 5:00 p.m. close of business in Milan on the relevant Physical Settlement Cut-Off Date, then the Relevant Proportion of the Deliverable Obligation(s) will be Delivered as soon as practicable after the date on which Delivery of the same would otherwise be made, at the risk of such Noteholder in the manner provided above. For the avoidance of doubt, such Noteholder shall not be entitled to any payment or to other assets, whether in respect of interest or otherwise, in the event of the Delivery of the Relevant Proportion of the Deliverable Obligation(s) taking place after the date on which Delivery of the same would otherwise be made pursuant to the provisions of this Credit Linked Condition 5(e) or otherwise due to circumstances beyond the control of the Issuer.

If the relevant Noteholder fails to deliver an Asset Transfer Notice in the manner set out herein or delivers an Asset Transfer Notice on any day falling after the day that is one hundred and eighty (180) calendar days after the Physical Settlement Cut-Off Date or, in the case of Definitive Notes, fails to deliver the Note related thereto or fails to

pay the Delivery Expenses and, if applicable, the Hedge Unwind Costs or the Standard Unwind Costs as referred to in Credit Linked Condition 5(j), the Issuer shall be discharged from its obligations in respect of such Note and shall have no further obligation or liability whatsoever in respect thereof.

(f)

(i) If due to a force majeure event (such as an act of God, act of State, fire, flood, severe weather conditions, or a labor dispute or shortage) or an event beyond the control of the Issuer a Noteholder or its designated nominee, it is impossible, impracticable or illegal for such Issuer to Deliver or for such Noteholder or nominee to accept Delivery of all, or a portion of, the Relevant Proportion of the Deliverable Obligation(s) (other than, if "Asset Package Delivery" is specified as being applicable in the relevant Final Terms, any Prior Deliverable Obligation or Package Observable Bond) by the Physical Settlement Date (including, without limitation, failure of the relevant clearing system or due to any law, regulation or court order, but not including market conditions or failure to obtain any requisite consent with respect to the Delivery of Loans) then by such date the Issuer or the Noteholder, as applicable, shall provide a description in reasonable detail of the facts giving rise to such impossibility, impracticability or illegality or of the force majeure event (such as an act of God, fire, flood, severe weather conditions, or a labor dispute or shortage) or act of state, and the Issuer shall Deliver and such Noteholder or its designated nominee shall take Delivery of that portion (if any) of the Relevant Proportion of the Deliverable Obligation(s) for which it is possible, practicable and legal to take Delivery. As soon as possible thereafter, the Issuer shall deliver and such Noteholder, its originally designated nominee or any new designated nominee shall take Delivery of the remaining portion of the Relevant Proportion of the Deliverable Obligation(s).

(ii) If:

(A) following the occurrence of any impossibility, impracticability or illegality, force majeure event or act of state, referred to in subparagraph (i) above, all of the Relevant Proportion of the Deliverable Obligation(s) is not Delivered on or prior to the Latest Permissible Physical Settlement Date (such part of the Relevant Proportion of the Deliverable Obligation(s) that are not Delivered being "**Undeliverable Obligations**"); or

(B) all or a portion of the Relevant Proportion of the Deliverable Obligation(s) includes Assignable Loans or Consent Required Loans that, due to the non-receipt of any requisite consents, are not, by the Physical Settlement Date, capable of being assigned or novated to any relevant Noteholder or its nominee and such consents are not obtained or deemed to have been given by the Latest Permissible Physical Settlement Date (such loan obligations being "**Undeliverable Loan Obligations**"); or

(C) all or a portion of the Relevant Proportion of the Deliverable Obligation(s) includes Direct Loan Participations and the relevant

participation is not effected on or before the Latest Permissible Physical Settlement Date (such participations being "**Undeliverable Participations**"),

then Partial Cash Settlement pursuant to sub-paragraph (iii) below shall be deemed to apply with respect to that portion of the Deliverable Obligation(s) that cannot be Delivered for the reasons specified in (A) to (C) above.

- (iii) On the Partial Cash Settlement Date, the Issuer shall pay to each relevant Noteholder, the Partial Cash Settlement Amount and upon discharge by the Issuer of such payment obligation on the Partial Cash Settlement Date, the Issuer's obligations in respect of the relevant Note shall be discharged.
- (g) If, in accordance with Credit Linked Condition 5(d), (e) and (f) above, the Relevant Proportion of the Deliverable Obligation(s) is Delivered later than the Physical Settlement Date, then until Delivery of the Relevant Proportion of the Deliverable Obligation(s) is made to the relevant Noteholder, the Issuer or any person holding such assets on behalf of the Issuer shall continue to be the legal owner of those assets. None of the Issuer and any such other person shall (i) be under any obligation to deliver or procure delivery to such Noteholder or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such assets, (ii) be under any obligation to exercise or procure the exercise of any or all rights (including voting rights) attaching or appertaining to such assets until the date of Delivery or (iii) be under any liability to such Noteholder or subsequent transferee for any loss, liability, damage, cost or expense that such Noteholder or subsequent transferee may sustain or suffer as a result, whether directly or indirectly, of that person not being the legal owner of such assets until the date of Delivery.
- (h) An Asset Transfer Notice is, subject as provided below, irrevocable and must:
  - (i) specify the account details or name of the person to whom Delivery of the Relevant Proportion of the Deliverable Obligation(s) is to be made;
  - (ii) specify the nominal amount of Notes or, in the case of Notes that are Linear Basket Credit Linked Notes, the Applicable Redemption Proportion of such Notes, and the number of Notes which are the subject of such notice;
  - (iii) in the event such Notes are represented by a Global Note:
    - (A) specify the number of the Noteholder's account at the relevant clearing system to be debited with such Notes; and
    - (B) irrevocably instruct and authorise the relevant clearing system to debit the relevant Noteholder's account with such Notes or, in the case of Notes that are Linear Basket Credit Linked Notes, the Applicable Redemption Proportion of such Notes, on the due date for redemption of the Notes;

- (iv) authorise the production of such notice in any applicable administrative or legal proceedings; and
- (v) unless otherwise specified in the applicable Final Terms, specify the manner in which Delivery Expenses and Hedge Unwind Costs or Standard Unwind Costs, if applicable, will be borne by the Noteholders in accordance with Credit Linked Condition 5(j).

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant clearing system or a Paying Agent, as the case may be, as provided above, save where subsequent to such receipt, the Issuer delivers a NOPS Amendment Notice, in which case, the relevant Noteholder may deliver an amended Asset Transfer Notice. After delivery of the first Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

Failure properly to complete and deliver an Asset Transfer Notice and, in the case of Definitive Notes, to deliver the relevant Note, may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Credit Linked Conditions shall be made by the Issuer, Paying Agent and/or relevant clearing system, as applicable, in its sole and absolute discretion and shall be conclusive and binding on the relevant Noteholder.

If any Noteholder fails to properly complete and deliver an Asset Transfer Notice, the Issuer may in its sole discretion, decide whether to waive the requirement to deliver a properly completed Asset Transfer Notice prior to the relevant Physical Settlement Cut-Off Date for physical delivery in order for such Noteholder to receive the Relevant Proportion of the Deliverable Obligation(s), and shall give notice of such waiver to the relevant clearing system and to the Paying Agent, and other Agent, as applicable.

- (i) If the Relevant Proportion of the Deliverable Obligation(s) comprises less than a multiple of a whole number of the Deliverable Obligation(s) at the relevant time, then (i) the Issuer shall not Deliver and the relevant Noteholder shall not be entitled to receive in respect of its Notes that fraction of an asset which is less than a whole number (the "**Fractional Entitlement**") and (ii) the Issuer shall pay to the relevant Noteholder a cash amount (to be paid at the same time as Delivery of the Relevant Proportion of the Deliverable Obligation(s)) equal to the market value (as determined by the Calculation Agent in its sole and absolute discretion) of such Fractional Entitlement.
- (j) The costs and expenses including any stamp, registration documentation or similar tax and any transfer or similar fee (the "**Delivery Expenses**") of effecting any Delivery of the Relevant Proportion of the Deliverable Obligation(s) and (x) if the applicable Final Terms specify that "Hedge Unwind Adjustment" shall apply, a *pro rata* share of the Hedge Unwind Costs or (y) if the applicable Final Terms specify that "Standard Unwind Adjustment" shall apply, a *pro rata* share of the Standard Unwind Costs, shall, in the absence of any provision to the contrary in the applicable Final Terms, be borne by the Noteholder and shall, unless otherwise specified in the applicable Final Terms, at the option of each Noteholder as specified in the Asset Transfer Notice either be:

- (i) paid to the Issuer by such Noteholder prior to the Delivery of the Relevant Proportion of the Deliverable Obligation(s) (and, for the avoidance of doubt, the Issuer shall not be required to Deliver any portion of the Deliverable Obligation(s) to such Noteholder until it has received such payment); or
- (ii) deducted by the Issuer from the amount which may be payable to such Noteholder in accordance with Credit Linked Condition 5(i).

If there is not a cash amount owing from the Issuer under such Note to a Noteholder sufficient to cover the Delivery Expenses and, if applicable, its *pro rata* share of the Hedge Unwind Costs or Standard Unwind Costs, the Issuer may convert such amount of the Relevant Proportion of the Deliverable Obligation(s) into cash sufficient to cover the Delivery Expenses and, if applicable, a *pro rata* share of the Hedge Unwind Costs or Standard Unwind Costs, in respect of such Note from which the Issuer shall deduct such amounts. Each Note will then be redeemed by delivery of the remaining portion of the Deliverable Obligation(s) in respect of such Note and, if applicable, payment of a cash amount in respect of any Fractional Entitlement arising, together with any other amounts to which such Noteholder is entitled upon redemption of such Note.

- (k) The Issuer shall not be under any obligation to register or procure the registration of any Noteholder or any other person as the registered holder of any of the Deliverable Obligation(s) to be delivered in the register of members or holders of debt securities of any company whose securities form part of the Deliverable Obligation(s). The Issuer shall not be obliged to account to any Noteholder for any entitlement received or receivable in respect of any of the Deliverable Obligation(s) to be delivered if the date on which such are first traded without such entitlement is on or prior to the date of Delivery. The Issuer shall determine, in its sole and absolute discretion, the date on which such assets are so first traded without any such entitlement.

## 6. AUCTION SETTLEMENT

- (a) Subject to Credit Linked Condition 7 (*Suspension Terms*) and Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*), if (i) "Auction Settlement" is specified as the Settlement Basis in the applicable Final Terms or (ii) "Cash or Physical Settlement or Auction Settlement" is specified as the Settlement Basis in the applicable Final Terms (and Auction Settlement is elected by the Issuer in the Issuer Credit Event Notice), on the Auction Cash Settlement Date the Issuer shall, subject as aforesaid, redeem, in the case of Notes that are not Linear Basket Notes, each Note in whole or, in the case of the Notes that are Linear Basket Credit Linked Notes, a portion of the principal amount of each Note equal to the Applicable Redemption Proportion, by payment of the Auction Cash Settlement Amount.
- (b) The Auction Cash Settlement Amount in respect of each Note shall be the amount specified as such in the applicable Final Terms or, if no such amount is specified, an amount determined by the Calculation Agent to be the greater of (a) zero and (b) an amount equal to (i) the Applicable Redemption Proportion (if applicable) multiplied by (ii) the outstanding principal amount of such Note multiplied (iii) by the Auction Final Price, **provided that:** (x) if the applicable Final Terms specify that "Hedge Unwind Adjustment" shall apply, then the Auction Cash Settlement Amount shall be adjusted upwards or downwards, as applicable, to reflect the *pro rata* Hedge Unwind Costs or (y) if the applicable Final Terms specify that "Standard Unwind Adjustment" is

applicable, then the Auction Cash Settlement Amount shall be adjusted upwards or downwards, as applicable, to reflect the *pro rata* Standard Unwind Costs. Payment by the Issuer of the Auction Cash Settlement Amount shall fully and effectively discharge the Issuer's obligation to redeem the Applicable Redemption Proportion of the relevant Note.

- (c) Without prejudice to the foregoing, but without duplication of settlement, if the Calculation Agent determines:
- (i) except where the Issuer delivers a Notice to Exercise Movement Option to the Calculation Agent on or prior to the Movement Option Cut-off Date, that with respect to a Credit Event, no Applicable Auction is being, or will be, held; or
  - (ii) with respect to a Credit Event and any relevant Applicable Request, Applicable Resolution and/or Applicable Auction, that (A) an Auction Cancellation Date has occurred, (B) a No Auction Announcement Date has occurred (and, in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) or (c)(ii) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option), (C) a DC Credit Event Question Dismissal occurs, (D) a Credit Event Determination Date was determined pursuant to sub-paragraph (a)(i) of the definition of Credit Event Determination Date and no relevant Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date, or (E) a Credit Event Determination Date was determined pursuant to sub-paragraph (b)(ii)(B)(II)(y) of the definition of "Non-Standard Event Determination Date", then the Issuer shall, subject to the occurrence of a Credit Event Determination Date on any day on or prior to the Settlement Election End Date, notwithstanding that Auction Settlement is specified as applicable in the relevant Final Terms, redeem each Note in accordance with Credit Linked Condition 4 (if Cash Settlement is specified in the relevant Final Terms as the Fallback Settlement Basis) or in accordance with Credit Linked Condition 5 (if Physical Settlement is specified in the relevant Final Terms as the Fallback Settlement Basis).
- (d) If, with respect to an M(M)R Restructuring, the Calculation Agent determines that a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) or (c)(ii) of the definition of No Auction Announcement Date, the Issuer may elect in its sole and absolute discretion to deliver a Notice to Exercise Movement Option to the Calculation Agent at any time on or prior to the Movement Option Cut-off Date. If a Notice to Exercise Movement Option is so delivered, then provided the related Credit Event Determination Date is not reversed on or prior to the relevant Auction Cash Settlement Date, the Notes shall be redeemed on the Auction Cash Settlement Date at their Auction Cash Settlement Amount, for which purposes the Auction Cash Settlement Date and the Auction Cash Settlement Amount shall be determined by reference to the relevant Parallel Auction identified by the Issuer in the Notice to Exercise Movement Option. If a Notice to Exercise Movement Option is delivered by the Issuer, all references in these Credit Linked Conditions to "Applicable Auction", "Applicable Auction Settlement Terms", "Auction Cancellation Date", "Auction Final Price Determination Date" and "Auction Settlement Date" shall be deemed to be references to the "Parallel Auction", "Parallel Auction Settlement Terms", "Parallel Auction Cancellation Date", "Parallel Auction Final Price Determination Date" and

"Parallel Auction Settlement Date" and the terms of these Credit Linked Conditions shall be construed accordingly.

**7. SUSPENSION TERMS**

If, following the occurrence of a Credit Event Determination Date but prior to the relevant Final Payment Date, Cash Settlement Date, Physical Settlement Date, a Delivery Date or, to the extent applicable, a Valuation Date, as applicable, there is a DC Credit Event Meeting Announcement, the timing requirements relating to Notices of Physical Settlement and the timing requirements of Credit Linked Conditions 1 to 5 (inclusive), as applicable, or any other provision of these Credit Linked Conditions and the Notes that pertains to redemption and settlement, shall toll and remain suspended until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. During such suspension period, the Issuer is not obliged to take any action in connection with the redemption and settlement of the Notes. The relevant timing requirements and redemption and settlement provisions, as applicable, that have previously tolled or been suspended shall resume on the second Business Day following the relevant DC Credit Event Announcement or the last day of the Post Dismissal Additional Period following the DC Credit Event Question Dismissal, as applicable, notwithstanding when the tolling or suspension began in accordance with this Credit Linked Condition 7. Without prejudice to any amounts payable pursuant to Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*), no additional amounts shall be payable by the Issuer in connection with any such suspension.

**8. REVERSALS AND ADJUSTMENTS TO CREDIT EVENT DETERMINATION DATES**

- (a) Notwithstanding anything to the contrary in these Credit Linked Conditions, no Credit Event Determination Date will occur, and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that the Calculation Agent determines that, prior to the relevant Auction Final Price Determination Date in respect of an Applicable Auction, a related Valuation Date, any relevant Physical Settlement Date (or, if earlier a Delivery Date), or any other relevant date relating to the redemption of the Notes, as applicable, an Applicable DC No Credit Event Announcement occurs with respect to the relevant Reference Entity or Obligation thereof.
- (b) If, following the occurrence of a Credit Event, the related Credit Event Determination Date is deemed to have occurred on a date that is earlier than the date originally determined to be the Credit Event Determination Date for the purposes of the Note as a result of the application of the definition of Credit Event Determination Date and/or any Applicable Request or Applicable Resolution then:
  - (i) if the Notes are redeemed pursuant to Credit Linked Condition 4 (*Cash Settlement*) or Credit Linked Condition 6 (*Auction Settlement*), an amount equal to the relevant Adjustment Amount (if any) shall be deducted to the fullest extent possible from the relevant Cash Settlement Amount or Auction Cash Settlement Amount, as applicable; or



- (ii) if the Notes are redeemed pursuant to Credit Linked Condition 5 (*Physical Settlement*), the Adjustment Amount (if any) shall be deemed to be a Delivery Expense for the purposes of Credit Linked Condition 5(j).
- (c) Without prejudice to Credit Linked Condition 6(c), if an Applicable DC No Credit Event Announcement occurs following the determination of a Credit Event Determination Date but prior to the related Auction Final Price Determination Date in respect of an Applicable Auction, a related Valuation Date, any related Physical Settlement Date (or, Delivery Date if earlier), or any other relevant date relating to the redemption of the Notes, as applicable, then the Credit Event Determination Date originally determined for the purposes of the Notes shall be deemed not to have occurred (an "**Credit Event Determination Date Reversal**"). The occurrence of a Credit Event Determination Date Reversal shall not prejudice the occurrence or determination of any subsequent Credit Event Determination Date(s) in relation to the relevant Reference Entity (if applicable). Notwithstanding Credit Linked Condition 9, if a Credit Event Determination Date Reversal occurs, each Note shall recommence to accrue interest (in accordance with the Base Conditions) from the Interest Payment Date (the "**Interest Recommencement Date**") immediately following the relevant Applicable DC No Credit Event Announcement, and an amount equal to the Additional Interest Amount shall be payable on such Interest Recommencement Date.

## 9. INTEREST PAYMENT DATE AND MATURITY DATE POSTPONEMENT

- (a) If Interest Payment Date Postponement is specified as being applicable in the Final Terms and in respect of any Interest Payment Date (including the Scheduled Maturity Date):
  - (i) a Credit Event Determination Date has occurred on or prior to the relevant Interest Payment Cut-off Date, interest shall cease to accrue on (but excluding) the date of such occurrence, such accrued interest being payable on the Cash Settlement Date, Physical Settlement Date or Auction Cash Settlement Date, as the case may be (and no amount of interest otherwise payable on the relevant Interest Payment Date shall be due or payable), provided that in the event that the Notes are Linear Basket Credit Linked Notes or Tranche Notes, interest shall cease to accrue only on the relevant Applicable Proportion of the Specified Denomination of each Note; and
  - (ii) an Uncured Default exists on the relevant Interest Payment Cut-off Date, the interest payment payable on the relevant Interest Payment Date shall be suspended and either (as applicable):
    - (x) if, after the relevant Interest Payment Cut-off Date, a Default Correction Date occurs in respect of any such Uncured Default, (subject to paragraph (i) above) the suspended amount of interest which would have been payable on such Interest Payment Date in the absence of such Uncured Default shall be payable on the Deferred Interest Payment Date and no additional amount shall be due in respect of any such delay in payment; or
    - (y) if a Failure to Pay subsequently occurs on or prior to the Extension Date, interest shall be deemed to have ceased to accrue on (but excluding) the

date of such occurrence, such accrued interest being payable on the Cash Settlement Date, Physical Settlement Date or Auction Cash Settlement Date, as the case may be (and no amount of interest which would otherwise have been payable in the absence of such Uncured Default shall be due or payable), provided that in the event that the Notes are Linear Basket Credit Linked Notes or Tranche Notes, interest shall be suspended or deemed to cease to accrue only on the relevant Applicable Proportion of the Specified Denomination of each Note.

- (b) If, an Applicable Request in respect of a Credit Event is made on or prior to any Interest Payment Cut-off Date or the Scheduled Maturity Date in respect of which an Applicable Resolution has not been published, the payment of interest (if any) scheduled to be paid to Noteholders on the relevant Interest Payment Date (including the Scheduled Maturity Date), will be suspended, provided that in the event that the Notes are Linear Basket Credit Linked Notes or Tranche Notes, interest shall be suspended only on the relevant Applicable Proportion of the Specified Denomination of each Note. If in connection with such Applicable Request either (i) an Applicable DC Credit Event Announcement is made but the Calculation Agent determines that the Credit Event Determination Date relating thereto is a date falling after such Interest Payment Date (including the Scheduled Maturity Date), or (ii) an Applicable DC No Credit Event Announcement is made, payment of the suspended interest will be made five Business Days after the date in respect of which the Credit Event Determination Date is so determined or the date of Applicable DC No Credit Event Announcement, as applicable. If in connection with such Applicable Request, an Applicable DC Credit Event Announcement is made and the Calculation Agent determines that the Credit Event Determination Date relating thereto is a date falling on or prior to such Interest Payment Date or the Maturity Date, no payment of the suspended interest will be made.
- (c) If "Accrual Interest" is specified as being applicable in the Final Terms and a Credit Event Determination Date has occurred, interest shall cease to accrue on (but excluding) the Accrual Interest End Date and the accrued Interest Amount shall be payable on the Cash Settlement Date, Physical Settlement Date or Auction Cash Settlement Date, as the case may be (and no amount of remuneration otherwise payable on the relevant Interest Payment Date shall be due or payable), provided that in the event that the Notes are Linear Basket Credit Linked Notes or Tranche Notes, interest shall cease to accrue only on the relevant Applicable Redemption Proportion of the Notional Amount of each Note.
- (d) No additional amount in respect of interest and no adjustment shall be made to the amount of any interest in connection with the delay or postponement of any payment of interest pursuant to Credit Linked Conditions 9(a) and (b) above. The Issuer shall endeavor to give notice to the Noteholders in accordance with Base Condition 12 (*Notices*) as soon as reasonably practicable should any payment of interest be suspended and/or postponed pursuant to this Credit Linked Condition 9. Notwithstanding any other provisions, no interest shall accrue after the Scheduled Maturity Date.
- (e) Unless otherwise specified in the applicable Final Terms, if, on or prior to the Scheduled Maturity Date, the Calculation Agent determines that:

- (i) a Credit Event has occurred or may occur on or prior to the Scheduled Maturity Date;
- (ii) Repudiation/Moratorium is listed as a Credit Event in the applicable Final Terms and "Repudiation/Moratorium Scheduled Maturity Date Postponement" is stated as being applicable in the applicable Final Terms, a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Maturity Date; and/or
- (iii) Failure to Pay is listed as a Credit Event in the applicable Final Terms and a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Maturity Date; and/or
- (iv) an Applicable Request has been made on or prior to the Scheduled Maturity Date in respect of which an Applicable Resolution has not been published; and

in each case, no Credit Event Determination Date has occurred as at the Scheduled Maturity Date (each such event a "**Maturity Date Postponement Event**"), the Calculation Agent may deliver an Extension Notice to the Issuer (and the Issuer shall endeavor to give notice to the Noteholders in accordance with Base Condition 12 (*Notices*) as soon as reasonably practicable following receipt of such Extension Notice) and the Maturity Date shall be postponed to the Extended Maturity Date, subject to the provisions of Credit Linked Conditions 2 and 9(f).

- (f) The payments of any accrued but unpaid interest scheduled to be paid on the Scheduled Maturity Date will not be paid and shall be postponed pursuant to the foregoing provided that in the event that the Notes are Linear Basket Credit Linked Notes or Tranche Notes, interest shall be postponed only on the relevant Applicable Proportion of the Specified Denomination of each Note. No adjustment shall be made to the amount of any interest as a result of any such delay as described in Credit Linked Condition 9(e) above.
- (g) In the circumstances described in Credit Linked Condition 9(e) above, if a Credit Event Determination Date occurs during the Credit Observation Period (subject to Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*)), each Note shall be redeemed pursuant to Credit Linked Conditions 4, 5 or 6, as applicable. If no Credit Event Determination Date occurs during the Credit Observation Period and no other relevant Maturity Date Postponement Event(s) are outstanding, each Note shall be redeemed at its Final Redemption Amount on the Final Payment Date.
- (h) For the purposes of this Credit Linked Condition 9, a Maturity Date Postponement Event will be deemed to be outstanding on any date, if the relevant period in which a Credit Event Determination Date may be reversed has not expired.

## 10. **SUCCESSION EVENT**

- (a) With respect to any Reference Entity, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after delivery of a Successor Notice and with effect from the Succession Date, which entity or entities qualifies as a Successor provided that the Calculation Agent will not make such determination if, at the time of

determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved there is no Successor based on the relevant succession to Relevant Obligations and the Calculation Agent determines that such Resolution is an Applicable Resolution. A copy of the notice of any determination of a Successor shall be given to Noteholders in accordance with Base Condition 12 (*Notices*). The Calculation Agent will make all calculations and determinations required to be made under this Credit Linked Condition 10 on the basis of Eligible Information and will notify the Issuer, who will in turn notify Noteholders, of any such calculation or determination as soon as practicable. In calculating the percentages used to determine whether an entity qualifies as a Successor under this Credit Linked Condition 10, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

- (b) If two or more entities (each, a "**Joint Potential Successor**") jointly succeed to a Relevant Obligation (the "**Joint Relevant Obligation**") either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.
- (c) Where the Notes are Single Name Credit Linked Notes:
  - (i) Where a Succession Event has occurred and more than one Successor has been identified by the Calculation Agent, each such Successor will be deemed to be a Reference Entity for the purposes of the Notes, and to the extent applicable, the Calculation Agent shall apportion any outstanding principal amounts or any other relevant calculation amounts equally in relation to each Successor.
  - (ii) Where a Credit Event occurs in respect of a Reference Entity after such a Succession Event, the provisions of the relevant Credit Linked Conditions shall be deemed to apply to the principal amount represented by that Reference Entity only (the "**Partial Principal Amount**") and all such provisions shall be construed accordingly. Each Note shall thereafter be redeemed in part (such redeemed part being equal to the relevant proportion of the Partial Principal Amount).
  - (iii) The Notes shall be deemed to be redeemed *pro rata* in an amount equal to the Partial Principal Amount only. The Notes in an amount equal to the outstanding principal amount of the Notes less the Partial Principal Amount shall remain outstanding (the "**Remaining Amount**") and interest shall accrue on the Remaining Amount as provided for in the Base Conditions and the applicable Final Terms (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

- (iv) The provisions of these Credit Linked Conditions shall apply to any subsequent Credit Event Notices delivered in respect of any of the other Reference Entities that are identified as a result of the Succession Event.
- (d) Where the Notes are Basket Credit Linked Notes:
- (i) Where a Succession Event has occurred in respect of a Reference Entity and more than one Successor has been identified, each Successor will be the Reference Entity (each a "**Successor Reference Entity**") for the purposes of the Notes, for the avoidance of doubt, such Reference Entity shall no longer be a Reference Entity.
  - (ii) Following the occurrence of a Succession Event, upon the occurrence of a Credit Event Determination Date with respect to any of the Reference Entities unaffected by a Succession Event, the Remaining Amount of the Notes will be redeemed in accordance with the provisions of these Credit Linked Conditions relating to Basket Credit Linked Notes.
  - (iii) Where a Credit Event occurs in respect of a Successor Reference Entity, the provisions of these Credit Linked Conditions shall be deemed to apply to the Partial Principal Amount of the relevant Successor Reference Entity and all the provisions shall be construed accordingly. Each Note shall thereafter be redeemed in a proportion equal to the relevant proportion which the Partial Principal Amount forms of the aggregate outstanding principal amount of the Notes as of the Issue Date.
  - (iv) Following a partial redemption of the Notes pursuant to sub-paragraph (iii) above, interest shall accrue on the remaining outstanding principal amount of the Notes equal to the aggregate outstanding principal amount immediately prior to the redemption as provided for in these Credit Linked Conditions (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
  - (v) The provisions of these Credit Linked Conditions shall apply to any subsequent Credit Event Notices delivered in respect of any Reference Entities following the occurrence of a Succession Event. For the avoidance of doubt, the provisions of this Credit Linked Condition 7(b) shall apply to each Succession Event.
- (e) Where the Notes are First-to-Default Credit Linked Notes, Nth-to-Default Credit Linked Notes or Linear Basket Credit Linked Notes:
- (i) Where a Succession Event has occurred in respect of a Reference Entity (each such Reference Entity and any Reference Entity previously the subject of a Succession Event, a "**Succession Event Reference Entity**" and the Reference Entities unaffected by such Succession Event or any previous Succession Event, the "**Non-Succession Event Reference Entities**") and more than one Successor has been identified by the Calculation Agent, each such Successor will be deemed to be a Reference Entity for the purposes of the Notes (each a "**Successor Entity**") and, to the extent applicable, the Calculation Agent shall apportion any outstanding principal amounts or any other relevant calculation amounts equally in relation to each Successor Reference Entity.

- (ii) Following the occurrence of a Succession Event, the occurrence of a Credit Event Determination Date with respect to any of the Non-Succession Event Reference Entities will cause the Notes to be redeemed in full in accordance with the provisions of these Credit Linked Conditions; provided that, in the case of Nth-to-Default Credit Linked Notes, the occurrence of a Credit Event Determination Date following a Credit Event with respect to any of the Non-Succession Event Reference Entities will only cause the Notes to be redeemed in full as aforesaid where such Non-Succession Event Reference Entity is the Nth Reference Entity with respect to which a Credit Event Determination Date has occurred.
- (iii) Where a Credit Event occurs in respect of a Successor Reference Entity, the relevant provisions of these Credit Linked Conditions shall be deemed to apply to the Partial Principal Amount of the Notes represented by the relevant Successor Reference Entity only; provided that, in the case of Nth -to-Default Credit Linked Notes, that such Successor Reference Entity is the Nth Reference Entity with respect to which a Credit Event Determination Date has occurred, and all the provisions shall be construed accordingly. Subject as aforesaid, the Notes shall thereafter be redeemed in a proportion equal to the relevant proportion which the Partial Principal Amount forms of the aggregate outstanding principal amount of the Notes as of the Issue Date.
- (iv) Subject as provided in Credit Linked Condition 9 (*Interest Date and Maturity Date Postponement*), following a partial redemption of the Notes pursuant to sub-paragraph (iii) above, interest shall accrue on the remaining outstanding principal amount of the Notes immediately following the partial redemption as provided for in the Base Conditions and these Credit Linked Conditions (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
- (v) The provisions of these Credit Linked Conditions shall apply to any subsequent Credit Event Notices delivered in respect of any other Successor Reference Entities formed as a result of one or more Succession Events and/or any of the Non-Succession Event Reference Entities. For the avoidance of doubt, the provisions of this Credit Linked Condition 10(e)(v) shall apply to each Succession Event.
- (f) Where the effect of the foregoing provisions would be to specify a Reference Entity more than once with respect to the Notes, that Reference Entity shall be deemed to be specified only once.
- (g) Save as otherwise provided in the applicable Final Terms, where any Reference Entity (the "**Surviving Reference Entity**") (other than a Reference Entity that is subject to a Succession Event) would be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to a Succession Event through the application of the foregoing provisions, such Surviving Reference Entity shall be deemed a Successor to the Legacy Reference Entity and if the applicable Final Terms specify that the clause "*N-to-M-to-Default*" is stated as being "*Applicable*", the Reference Entity Weighting of the Surviving Reference Entity shall remain the Reference Entity Weighting of the Surviving Reference Entity in effect prior to the Succession Event and the Reference Entity Weighting of the entity having replaced the Legacy Reference Entity shall be

equal to the Reference Entity Weighting of the Legacy Reference Entity prior to the Succession Event.

- (h) Save as otherwise provided in the applicable Final Terms, in the event that (x) the Issuer becomes a Successor to any Reference Entity as a result of the application of the foregoing provisions, (y) the Issuer and any Reference Entity become Affiliates or (z) the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all its assets to, a Reference Entity or the Issuer (as applicable), then the Issuer shall forthwith give notice of such circumstance to Noteholders in accordance with Base Condition 12 (*Notices*). In such event, the Issuer may, but shall not be obliged to, on giving not more than thirty (30) nor less than fifteen (15) calendar days' notice to Noteholders in accordance with Base Condition 12 (*Notices*) (the "**Seller Merger Notice**"), redeem all but not some of the Notes at the Early Redemption Amount specified in the Seller Merger Notice.
- (i) The applicable Final Terms may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by the purchase of the Notes.
- (j) If one or more of the Successors to the Reference Entity have not assumed the Reference Obligation (if any) specified in the applicable Final Terms, the Calculation Agent may select a Substitute Reference Obligation in accordance with the definition of "Substitute Reference Obligation".
- (k) Any determinations under each of sub-paragraphs (a) to (g) above and any determinations under the Final Terms connected with or as a result of a Succession Event or otherwise shall be made by the Calculation Agent in its sole discretion and in good faith and, in the absence of manifest error, shall be conclusive and binding on all parties.

## 11. **RESTRUCTURING CREDIT EVENT**

- (a) Upon the occurrence of an M(M)R Restructuring, the Notifying Party may deliver multiple Credit Event Notices with respect to such M(M)R Restructuring, each such Credit Event Notice setting forth the amount of the aggregate outstanding principal amount of the Notes or, if the Notes are Linear Basket Credit Linked Notes or Tranche Notes, of the Related Nominal Amount in respect of the relevant Reference Entity, as applicable, to which such Credit Event Notice relates (the "**Exercise Amount**"). If the relevant Credit Event Notice does not specify an Exercise Amount, then the aggregate outstanding principal amount of the Notes outstanding immediately prior to the delivery of such Credit Event Notice or, if the Notes are Linear Basket Credit Linked Notes or Tranche Notes, the Related Nominal Amount in respect of the relevant Reference Entity immediately prior to the delivery of such Credit Event Notice, as applicable, will be deemed to have been specified as the Exercise Amount. Notwithstanding anything to the contrary in these Credit Linked Conditions, where an M(M)R Restructuring has occurred and the Notifying Party has delivered a Credit Event Notice for an amount that is less than the aggregate outstanding principal amount of the Notes immediately prior to the delivery of such Credit Event Notice, the provisions of these Credit Linked Conditions shall be deemed to apply to a principal amount equal to the Exercise Amount only and all the provisions shall be construed accordingly. Each such Note shall be redeemed in part (such redeemed part being equal to the relevant proportion of

the Exercise Amount). The Exercise Amount shall be subject to any minimum Exercise Amount specified in the relevant Final Terms.

- (b) The Notes shall be deemed to be redeemed *pro rata* in an amount equal to the Exercise Amount only. The Notes in an amount equal to the aggregate outstanding principal amount of the Notes (immediately prior to the redemption thereof) less the Exercise Amount shall remain outstanding (the "**Outstanding Amount**") and interest shall accrue on the Outstanding Amount as provided for in the Base Conditions, these Credit Linked Conditions and the applicable Final Terms (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
- (c) In respect of any subsequent Credit Event Notices delivered in respect of the Reference Entity that was the subject of the Credit Event Notice referred to above:
  - (i) the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than an M(M)R Restructuring must be equal to the then outstanding principal amount of the Notes at such time (and not a portion thereof); and
  - (ii) the Exercise Amount in connection with a Credit Event Notice describing an M(M)R Restructuring must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the Notes are denominated or any integral multiple thereof or the entire then outstanding principal amount of the Notes at such time.
- (d) For the avoidance of doubt, in the case of a First-to-Default Credit Linked Note, once a Restructuring Credit Event has occurred in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the first occurring M(M)R Restructuring. In the case of an N<sup>th</sup>-to-Default Credit Linked Note, if an M(M)R Restructuring has occurred in respect of the N<sup>th</sup> Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the N<sup>th</sup> Reference Entity. In the case of a Linear Basket Credit Linked Note, the fact that an M(M)R Restructuring has occurred in respect of a Reference Entity shall not preclude delivery of a Credit Event Notice in respect of any other Reference Entity.
- (e) If "Mod R" is specified in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be specified in the Notice of Physical Settlement or in any NOPS Amendment Notice, as applicable, and may be included in the Deliverable Obligations only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date, in each case, as of both the NOPS Effective Date and the Delivery Date.
- (f) If "Mod R" is specified in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be specified in the Notice of Physical Settlement or in any NOPS Amendment Notice, as applicable, and may be included in the Deliverable Obligations only if it (i) is a Conditionally Transferable



Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of both the NOPS Effective Date and the Delivery Date.

- (g) If the provisions of this Credit Linked Condition 11 apply in respect of the Notes, on redemption of part of each such Note, the relevant Note or, if the Notes are represented by a Global Note, such Global Note shall be endorsed to reflect such partial redemption.

## 12. **THE CALCULATION AGENT**

The Calculation Agent shall be responsible for determining each amount, state of affairs, circumstance, event and other matter, and may form any opinion and exercise any discretion, required or permitted to be determined, formed or exercised, as the case may be, for the purpose of these Credit Linked Conditions and as applicable in the relevant Final Terms. Any such determination, opinion or exercise of discretion shall be made in the Calculation Agent's sole and absolute discretion and will be final and binding on the Issuer and each Noteholder. Unless expressly stated otherwise in these Credit Linked Conditions, the Calculation Agent shall not be bound to follow or act in accordance with any determination of the relevant Credit Derivatives Determinations Committee.

When determining the existence or occurrence of any Potential Failure to Pay, Potential Repudiation/Moratorium or any Credit Event as specified in the relevant Final Terms, the Calculation Agent shall make such determination based on the occurrence of an event whether or not the occurrence of the relevant event arises directly or indirectly from or is subject to a defence based upon (a) any lack or alleged lack of authority or capacity of the relevant Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor or Insured Obligor, as the case may be, to enter into any Underlying Obligation or Insured Instrument, as the case may be, (b) any actual or alleged unenforceability, illegality, impossibility, invalidity, force majeure event or act of state, with respect to any Obligation or, as applicable, any Underlying Obligation or Insured Instrument, as the case may be, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of or any change in any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority.

The Calculation Agent shall, as soon as practicable after obtaining any Quotation (if applicable), notify the Noteholders in writing of each such Quotation that it receives in connection with the calculation of the Final Price and shall provide to the Noteholders a written computation showing its calculation of the Final Price.

Neither the Calculation Agent nor the Issuer shall have any responsibility to the Noteholders for good faith errors or omissions in the Calculation Agent's calculations and determinations made for the purposes of the Base Conditions or these Credit Linked Conditions, whether caused by negligence or otherwise.

13. **MODIFICATIONS TO THE BASE CONDITIONS AND FINAL TERMS AND PROVISIONS RELATING TO TIMING AND PAYMENT TIMING**

- (a) For the purposes of Credit Linked Notes:
- (i) if Interest Period End Dates are specified in the applicable Final Terms, then, notwithstanding Base Condition 3(a) (*Definitions*) of the Base Conditions, "Fixed Interest Period" and "Interest Period" shall mean the period from (and including) an Interest Period End Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date. In such circumstances, interest shall accrue on the Notes at the Interest Rate during the relevant Fixed Interest Period or Interest Period (as the case may be) and shall be payable on the Interest Payment Date or Specified Interest Payment Date (as the case may be) immediately following such Fixed Interest Period or Interest Period (as the case may be); and
  - (ii) references to "Interest Payment Date" in the definition of "Day Count Fraction" in Base Condition 3 (*Interest and Other Calculations*) of the Base Conditions shall be construed as references to "Interest Period End Date" as defined in these Credit Linked Conditions.
- (b) Where a Transaction Type Standard Terms are specified in the Final Terms as applicable and the Transaction Type is specified therein in respect of any Reference Entity, then the provisions of these Terms shall apply with respect to such Reference Entity in accordance with the Physical Settlement Matrix as it applies to such Transaction Type, as though such Physical Settlement Matrix were set out in full in the Final Terms provided, however, that (i) in case of conflict between the provisions of the Physical Settlement Matrix and those of these Credit Linked Conditions, the provisions of the Physical Settlement Matrix shall prevail and (ii) in case of conflict between the provisions of the Physical Settlement Matrix and those of the Final Terms, these latter shall prevail.
- (c) In order to determine the day on which an event occurs for the purposes of these Credit Linked Conditions, the demarcation of days shall be made by reference to Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo Time), irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.
- (d) Notwithstanding the foregoing, if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo Time), irrespective of the time zone of its place of payment.

14. **ADDITIONAL DISRUPTION EVENTS**

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may settle all but not some of the Notes by giving notice to Noteholders in accordance with Base Condition 12 of the Base Conditions. If the Notes are so settled, the Issuer will pay an amount to each Noteholder in respect of each Note equal to the fair market value of such Note taking into account the Additional Disruption Event, less

the cost to the Issuer and/or its Affiliates of unwinding any underlying related Hedging Arrangements all as determined by the Calculation Agent in a commercially reasonable manner.

## 15. DEFINITIONS

For the purposes of these Credit Linked Conditions, the following words shall have the following meaning:

**"Accelerated or Matured"** means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, upon termination or otherwise is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.

**"Accrual Interest End Date"** means the date specified as such in the applicable Final Terms.

**"Additional Disruption Event"** means any of Change in Law, Hedging Disruption, and/or Increased Cost of Hedging, in each case if specified as applying in the Final Terms.

**"Additional Interest Amount"** means an amount in the Relevant Currency determined by the Calculation Agent in respect of each Note equal to the sum of:

- (a) each amount of interest that would have been payable in respect of each Note, but for the operation of Credit Linked Condition 9 (*Interest Payment Date and Maturity Date Postponement*) and the original determination of the Credit Event Determination Date, on each Interest Payment Date falling after the date originally determined to be the Credit Event Determination Date, to and including the Interest Recommencement Date; and
- (b) interest accrued on each such amount on a daily basis at the applicable Overnight Rate as determined by the Calculation Agent for the period from, and including, the Interest Payment Date on which the relevant amount of interest that would have been paid but for the operation of Credit Linked Condition 9 (*Interest Payment Date and Maturity Date Postponement*) and the original determination of the Credit Event Determination Date to, but excluding, the Interest Recommencement Date. For the avoidance such interest will be compounded on a daily basis.

**"Adjustment Amount"** means an amount in the Relevant Currency determined by the Calculation Agent in respect of each Note equal to the sum of:

- (a) each amount of interest in respect of each Note that would not have been paid (if any) on any Interest Payment Date to Noteholders had the earlier Credit Event Determination Date been the date originally determined as the Credit Event Determination Date; and
- (b) interest accrued on each such amount on a daily basis at the applicable Overnight Rate as determined by the Calculation Agent for the period from, and including, the Interest Payment Date on which the relevant interest amount was

paid to, but excluding, the date on which the Notes are redeemed. For the avoidance such interest will be compounded on a daily basis.

**"Affiliate"** means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Aggregate Loss Amount"** means at any time, for a Tranche Note, the lowest of:

- (1) the Tranche Notional Amount; and
- (2) the highest of (x) zero and (y) the difference between (xx) the aggregate of the Loss Amount for all Reference Entities in respect of which a Credit Event Determination Date has occurred and (xy) the Tranche Subordination Amount.

**"Applicable Auction"** means an Auction which the Calculation Agent determines is relevant to a Credit Event with respect to a Reference Entity and Obligations thereof and which relates to deliverable obligations which would constitute Reference Obligation(s) and/or Deliverable Obligation(s) under the Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity, obligations and deliverable obligations to which the Auction relates and if the Auction relates to a Restructuring Credit Event, the scheduled maturity date of the Notes and the scheduled termination date of the credit derivatives transactions covered by the Auction and the maturity date of the deliverable obligations to which the Auction relates, and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

**"Applicable Credit Derivatives Auction Settlement Terms"** means with respect to a Reference Entity, a Credit Event and an Applicable Auction, the Credit Derivatives Auction Settlement Terms (if any) which the Calculation Agent determines are relevant to the Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) and deliverable obligations which are the subject of the relevant Credit Derivatives Auction Settlement Terms and the Credit Events, Reference Entities and Obligations and Deliverable Obligations under the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes). The Calculation Agent shall, as soon as practicable after the relevant Applicable Credit Derivatives Auction Settlement Terms are published, notify the Issuer that Applicable Credit Derivatives Auction Settlement Terms have been published with respect to a Reference Entity and a Credit Event and make a copy thereof available for inspection by Noteholders at the specified office of the Paying Agents.

**"Applicable DC Credit Event Announcement"** means a DC Credit Event Announcement which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof to which such DC Credit Event Announcement relates and the terms of the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

**"Applicable DC No Credit Event Announcement"** means a DC No Credit Event Announcement which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof which are the subject of the DC No Credit Event Announcement and the Credit Events, Reference Entities and Obligations thereof under the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

**"Applicable Redemption Proportion"** means in respect of a redemption of a Note and a Credit Event:

- (a) if the Note is not a Linear Basket Credit Linked Note, 100 per cent.;
- (b) if the Note is a Linear Basket Credit Linked Note, an amount (expressed as a percentage) equal to the Related Nominal Amount of the Reference Entity to which the Credit Event relates divided by the outstanding principal amount of the Notes outstanding as of the related Credit Event Determination Date.
- (c) if the Note is a Tranche Note, an amount (expressed as a percentage), equal to:

$$\frac{N-n}{N-\text{Protected Defaulted Reference Entities}}$$

Where:

"N" indicates the number of Reference Entities comprised in the Reference Portfolio; and

"n" is the number of Reference Entities in respect of which a Credit Event has occurred from the Credit Observation Start Date until the date on which a Credit Event has occurred in respect of any Relevant Defaulted Reference Entities. For example, upon the occurrence of a Credit Event in respect to the eighth Reference Entity (which is also a Relevant Defaulted Reference Entity), "n" shall be equal to 8.

**"Applicable Request"** means a request that a Credit Derivatives Determinations Committee be convened to Resolve the matters described in the definition of Credit Event Resolution Request Date or Successor Resolution Request Date, as applicable, which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, succession event, reference entity and obligation(s) thereof which are the subject of the request and the Credit Events, Reference Entities and Obligations thereof under the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

**"Applicable Resolution"** means a Resolution of a Credit Derivatives Determinations Committee which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, succession event, reference entity and obligation(s) thereof and any other factor to which the Resolution relates and the terms of the Notes and (b) any hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

**"Applicable Transaction Auction Settlement Terms"** means, with respect to a Reference Entity and a Credit Event, the relevant Credit Derivatives Auction Settlement Terms which the Calculation Agent determines constitute Applicable Credit Derivatives Auction Settlement Terms.

**"Asset"** means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was realised or capable of being realised in circumstances where the right and/or other asset no longer exists).

**"Asset Market Value"** means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee.

**"Asset Package"** means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

**"Asset Package Credit Event"** means:

- (a) if "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the applicable Final Terms:
  - (i) a Governmental Intervention; or
  - (ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as applicable in the applicable Final Terms and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and "Restructuring" is specified as applicable in the applicable Final Terms, a Restructuring, in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement.

**"Asset Package Delivery"** will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Credit Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event.

**"Asset Transfer Notice"** means a notice that complies with Credit Linked Condition 5(h), issued by a Noteholder to the Issuer, in connection with a redemption of any Note wholly or in part by way of Physical Settlement.

**"Assignable Loan"** means a Loan that is capable of being assigned or novated to any third party or, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent.

**"Attachment Point"** means, in respect of Tranche Notes, the number (expressed as a percentage) specified in the applicable Final Terms.

**"Auction"** means, with respect to a Reference Entity and a Credit Event, unless otherwise specified in the Applicable Transaction Auction Settlement Terms, an auction pursuant to which an Auction Final Price is to be determined in accordance with an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms.

**"Auction Cancellation Date"** means, with respect to an Auction, unless otherwise specified in the relevant Applicable Transaction Auction Settlement Terms, the date on which such Auction was deemed to have been cancelled as announced by ISDA (and/or the administrators specified in the relevant Credit Derivatives Auction Settlement Terms) on its website or such other date as determined and announced in accordance with the relevant Applicable Transaction Auction Settlement Terms.

**"Auction Cash Settlement Amount"** means, in respect of each Note, the amount determined in accordance with Credit Linked Condition 6 (*Auction Settlement*).

**"Auction Cash Settlement Date"** means the second Business Day following the Auction Settlement Date determined in accordance with the Applicable Credit Derivatives Auction Settlement Terms or such other date specified in the applicable Final Terms, as determined by the Issuer.

**"Auction Covered Transaction"** has the meaning set forth in the relevant Applicable Transaction Auction Settlement Terms.

**"Auction Final Price"** means, with respect to an Applicable Auction, unless otherwise specified in the relevant Applicable Transaction Auction Settlement Terms, the price (expressed as a percentage) in respect of the deliverable obligations which would constitute Reference Obligation(s) and/or Deliverable Obligation(s) under the Notes determined to be the Auction Final Price in accordance with the relevant Applicable Transaction Auction Settlement Terms. The Calculation Agent shall as soon as practicable after publication of the Auction Final Price in respect of an Applicable Auction make available for inspection by Noteholders at the specified office of the Paying Agent a copy of the relevant Applicable Transaction Auction Settlement Terms and copies of the relevant publication of the Auction Final Price.

**"Auction Final Price Determination Date"** means, with respect to an Applicable Auction, the day, if any, on which the Auction Final Price is determined or such other date as specified in the relevant Applicable Transaction Auction Settlement Terms.

**"Auction Settlement Date"** means the date that is the number of Business Days specified in the relevant Applicable Transaction Auction Settlement Terms (or, if a

number of Business Days is not so specified, three Business Days) immediately following the relevant Auction Final Price Determination Date.

**"Automatic Early Redemption Amount"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate.

**"Automatic Early Redemption Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(o).

**"Automatic Early Redemption Event"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Reference Entity Level is, as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Level.

**"Automatic Early Redemption Level"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the Reference Entity Level specified as such or otherwise determined in the applicable Final Terms.

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date and if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

**"Automatic Early Redemption Valuation Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to adjustment in accordance with Base Condition 4(o).

**"Average Highest"** means, with respect to the Reference Obligation on each Valuation Date, the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to such Reference Obligation on each such date.

**"Average Market"** means, with respect to the Reference Obligation on each Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to such Reference Obligation on each such date.

**"Bankruptcy"** means, with respect to a Reference Entity, such Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other law



affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

**"Basket Credit Linked Note"** means Credit Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities.

**"Bond"** means any obligation of a type included in the definition of "Borrowed Money" that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money.

**"Bond or Loan"** means any obligation that is either a Bond or a Loan.

**"Borrowed Money"** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

**"Business Day"** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open in Milan,
- (b) a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET or TARGET2) System or any successor thereto is open, and
- (c) any additional city or cities specified in the applicable Final Terms.

**"Cash Settlement Amount"** means, in respect of each Note, the amount determined in accordance with Credit Linked Condition 4 (*Cash Settlement*).

**"Cash Settlement Date"** means the date specified as such in the applicable Final Terms or, if no date is so specified, the date that is three Business Days following the calculation of the Final Price.

**"Change in Law"** means that, on or after the Trade Date (as specified in the Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency, regulatory or capital requirements), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority or financial authority), or the combined effect thereof if occurring more than once, the Issuer determines that:

- (a) it is unable to perform its obligations in respect of the Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Notes; or
- (b) it or any of its Affiliates would incur a materially increased cost (including, without limitation, in respect of any tax, solvency, regulatory or capital requirements) in maintaining the Notes in issue or in holding, acquiring or disposing of any relevant hedge positions of the Notes.

**"Conditionally Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition.

**"Conforming Reference Obligation"** means a Reference Obligation which is a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation".

**"Consent Required Loan"** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such Loan) or any agent.

**"Credit Derivatives Auction Settlement Terms"** means any Credit Derivatives Auction Settlement Terms published by ISDA, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time.

**"Credit Derivatives Determinations Committees"** means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions.

**"Credit Event"** means, as determined by the Calculation Agent, the occurrence of one or more of Bankruptcy, Potential Failure to Pay, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/ Moratorium, Restructuring or Governmental Intervention, as specified in the applicable Final Terms, determined on the basis of Publicly Available Information by the Calculation Agent. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation, or, as applicable, any Underlying Obligation however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restriction imposed by any monetary or other authority, however described.

**"Credit Event Backstop Date"** means:

- (a) for the purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, if applicable, the event described in sub-paragraph (ii) of the definition thereof) as determined by a DC Resolution, provided such DC Resolution is an Applicable Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date, provided that the Calculation Agent determines that the DC Resolution is an Applicable Resolution and the Credit Event Resolution Request Date relates to an Applicable Request; or
- (b) otherwise, the date that is 60 calendar days prior to the earlier of:
  - (i) the Notice Delivery Date, if the Notice Delivery Date occurs during the Notice Delivery Period; and
  - (ii) the Credit Event Resolution Request Date, if the Notice Delivery Date occurs during the Post Dismissal Additional Period.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention

**"Credit Event Determination Date"** means with respect to a Credit Event with respect to which:

- (a) "Auction Settlement" is specified as applicable in the applicable Final Terms;

- (i) subject to sub-paragraph (ii) below, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, **provided that** neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice as determined by the Calculation Agent; or
- (ii) notwithstanding sub-paragraph (i) above, the Credit Event Resolution Request Date, if a DC Credit Event Announcement has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) as determined by the Calculation Agent and either:
  - (A)
    - (1) the Credit Event is not an M(M)R Restructuring; and
    - (2) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or
  - (B)
    - (1) the Credit Event is an M(M)R Restructuring; and
    - (2) a Credit Event Notice is delivered and is effective on or prior to the Exercise Cut-off Date,

**provided that:**

- (x) no Physical Settlement Date, if applicable, or Cash Settlement Date, Auction Cash Settlement Date has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs;
- (y) if any Valuation Date or Delivery Date, as applicable, has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs, a Credit Event Determination Date shall be deemed to have occurred only with respect to the portion of the aggregate outstanding principal amount of the Notes then outstanding (or, in the case of Linear Basket Credit Linked Notes, the Related Nominal Amount in respect of the relevant Reference Entity, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and
- (z) no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered, (aa) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, (bb) unless, and to the extent that, the Exercise Amount specified in such Credit Event Notice was less than the aggregate outstanding principal amount of the Notes then outstanding or, in the case of

Linear Basket Credit Linked Notes, the Related Nominal Amount in respect of the relevant Reference Entity or (cc) unless the Notional Credit Derivative Transaction is an Auction Covered Transaction and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable Obligations for such Notional Credit Derivative Transaction, or

- (b) or sub-paragraph (a) of this definition does not apply, the Non-Standard Event Determination Date determined in accordance with the definition of Non-Standard Event Determination Date.

**"Credit Event Notice"** means an irrevocable notice from the relevant entity specified as the Notifying Party in the applicable Final Terms that describes a Credit Event that occurred on or after the Credit Observation Start Date and on or prior to the Extension Date. Any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Observation End Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice that describes a Credit Event other than an M(M)R Restructuring must be in respect of the aggregate outstanding principal amount of the Notes or, in the case of Linear Basket Credit Linked Notes, the full Related Nominal Amount in respect of the relevant Reference Entity.

The Credit Event Notice shall contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

**"Credit Event Resolution Request Date"** means, with respect to DC Credit Event Question, the date as publicly announced by the DC Secretary that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

**"Credit Linked Note"** means a Note which is linked to the credit of one or more Reference Entities.

**"Credit Observation Period"** means the period from the Credit Observation Start Date to the Extension Date (both dates inclusive).

**"Credit Observation Start Date"** means the date specified in the applicable Final Terms, provided that if no date is so specified, the Credit Observation Start Date shall mean:

- (a) in connection with a Credit Event, the earlier to occur of the Issue Date and the Credit Event Backstop Date with respect to such Credit Event; and

- (b) in connection with a Succession Event, the earlier to occur of the Issue Date and the Successor Backstop Date with respect to such Succession Event, as applicable.

**"Credit Participation Factor"** means the multiplier used to determine the extent of the exposure to the value of the Reference Entity and the determination of amounts due under the Credit Linked Notes and which (i) may be higher than, or lower than, or equal to 1 (*i.e.* 100%) and (ii) will be specified in the applicable Final Terms;

**"Credit Valuation Date"** means:

- (a) If the applicable Final Terms specify "Cash Settlement" as applicable, and the clause "Final Value" is stated as being "Fixed Recovery", the date on which the Credit Event Notice is delivered to the relevant Clearing System for the information of the Noteholders.
- (b) If the applicable Final Terms specify "Physical Settlement" as applicable, the date that is two Business Days after the Latest Permissible Physical Settlement Date, provided that if the Calculation Agent is unable to determine the final price of the Undeliverable Obligation on the Credit Valuation Date (the **"Original Credit Valuation Date"**), the Credit Valuation Date will be such later date, within the fifteen (15) Business Days' period following the Original Credit Valuation Date, on which the Calculation Agent is able to determine such final price; or
- (c) If the applicable Final Terms specify "Cash Settlement" as applicable and the clause "Final Value" is stated as being "Floating Recovery":
  - (i) If the Final Value is to be determined pursuant to Auction Settlement, the auction date or any other date specified by the relevant Transaction Auction Settlement Terms; or
  - (ii) If no Transaction Auction Settlement Terms are published before 140 Business Days after the Credit Event Determination Date, or if the Final Value is to be determined pursuant to Quotation Method, the Calculation Agent will select in its own discretion a date that is on or before the 160th Business Day following the Credit Event Determination Date (the Original Credit Valuation Date),

**PROVIDED THAT** if the Calculation Agent is unable to determine the Final Value at the latest on the Original Credit Valuation Date, the Credit Valuation Date will be such later date, within the fifteen Business Day period following the Original Credit Valuation Date, on which the Calculation Agent is able to determine the Final Value,

**PROVIDED FURTHER THAT**, under no circumstances will the Final Value be determined later than the 180th Business Day following the corresponding Credit Event Determination Date.

**"Cumulative Level"** means the number of Defaulted Credits specified as such in the applicable Final Terms.

**"Currency Amount"** means, with respect to (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Settlement Currency, an amount converted into the Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each NOPS Amendment Notice with respect to that portion of the Notional Credit Derivatives Transaction into the currency of denomination of the relevant Replacement Deliverable Obligation.

**"Currency Rate"** means with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time, or (ii) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate.

**"Currency Rate Source"** means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

**"DC Announcement Coverage Cut-off Date"** means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable.

**"DC Credit Event Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred and the Calculation Agent determines that such Resolution is an Applicable Resolution relevant to the Notes and the Calculation Agent determines that such event occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, **provided that** if the Credit Event occurred after the Scheduled Observation End Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

**"DC Credit Event Meeting Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to resolve the matters described in a DC Credit Event Question.

**"DC Credit Event Question"** means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to resolve whether an event that constitutes a Credit Event has occurred.

**"DC Credit Event Question Dismissal"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has resolved not to determine the matters described in a DC Credit Event Question.

**"DC No Credit Event Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event.

**"DC Party"** has the meaning given to that term in the DC Rules.

**"DC Resolution"** has the meaning given to that term in the definition of Resolve below.

**"DC Rules"** means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

**"DC Secretary"** has the meaning given to that term in the DC Rules.

**"Default Correction Date"** means with respect to an Uncured Default: the day (if any) on which Publicly Available Information exists confirming that a Potential Failure to Pay has been cured and ceases to exist, as determined by the Calculation Agent, provided that such Potential Failure to Pay is cured within the originally applicable grace period prior to the expiry of which such debt is not capable of being declared due and payable, and provided that such cure occurs before a Credit Event as a result of a Failure to Pay occurs.

**"Default Requirement"** means the amount as may be specified as such in the applicable Final Terms or its equivalent in the Obligation Currency (or, if no such amount is specified in the applicable Final Terms, U.S.\$ 10,000,000 or its equivalent in the relevant Obligation Currency) in either case, as of the occurrence of the relevant Credit Event.

**"Defaulted Credit"** means, on any day, each Reference Entity in respect of which a Credit Event Determination Date has occurred.

**"Deferred Interest Payment Date"** means, in respect of a Default Correction Date, the day falling five Business Days following such Default Correction Date.

**"Deliver"** means, with respect to the Relevant Proportion of the Deliverable Obligation(s), to deliver, novate, transfer (including in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligation(s) (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Relevant Proportion of the Deliverable Obligation(s) to the Noteholder free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including without limitation, any



counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of "Credit Event" above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor); **provided that** (a) if a Deliverable Obligation is a Direct Loan Participation, "**Deliver**" shall mean the creation (or procurement of the creation or) of a participation in favor of the relevant Noteholder and (b) if a Deliverable Obligation is a Guarantee, "**Deliver**" shall mean to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, "**Deliver**" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap. "**Delivery**" and "**Delivered**" shall be construed accordingly.

In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time, provided further that the Issuer and the relevant Noteholder agree to comply with the provisions of any documentation (which shall include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the parties hereunder. Compliance by the relevant Issuer and Noteholders with the provisions of any such documentation, shall be required for, and, without further action, constitute, Delivery for the purposes of this definition (to the extent that such documentation contains provisions describing how Delivery should be effected) and neither the relevant Issuer nor any Noteholder shall be permitted to request that any party take, nor shall the Issuer or any Noteholder be required to take, any action or make any payment in connection with such Delivery, as applicable, unless otherwise contemplated by such documentation.

If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) the definition of "Deliver" shall be deemed to apply to each Asset in the Asset Package provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Notice of Physical Settlement or NOPS Amendment Notice is delivered, (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value.

"**Deliverable Obligation**" means (a) any obligation of the Reference Entity (either directly or as a provider of a Relevant Guarantee) described by the Deliverable Obligation Category specified in the applicable Final Terms and having each of the

Deliverable Obligation Characteristics specified in the applicable Final Terms; (b) the Reference Obligation; (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation; and (d) if Asset Package Delivery is applicable, any Prior Deliverable Obligation (if "Financial Reference Entity Terms" is specified as applicable in the applicable Final Terms) or any Package Observable Bond (if the Reference Entity is a Sovereign), in each case, (i) unless it is an Excluded Deliverable Obligation and (ii) provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of sub-paragraph (d) of this definition), immediately prior to the relevant Asset Package Credit Event).

**"Deliverable Obligation Category"** means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, as specified in the applicable Final Terms (each as defined herein, except that, for the purposes of determining Deliverable Obligations, the definition of Reference Obligation Only shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligation Only).

**"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, as specified in the applicable Final Terms.

If (a) either of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds, (b) the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans, or (c) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans.

If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the applicable Final Terms, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.

If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the applicable Final Terms, if an obligation would otherwise satisfy a particular Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Deliverable Obligation Characteristic.

For purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in Credit Linked Conditions 11(e) and 11(f) to a Prior Additional Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.

If "Subordinated European Insurance Terms" is specified as applicable in the applicable Final Terms, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

**"Deliverable Obligation Terms"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Deliverable Obligation Provisions"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Delivery Date"** means, with respect to a Deliverable Obligation or an Asset Package, the date on which such Deliverable Obligation is Delivered (or deemed delivered in accordance with these Credit Linked Conditions).

**"Delivery Expenses"** shall have the meaning specified in Credit Linked Condition 5(j).

**"Detachment Point"** means in respect of Tranche Notes the number (expressed as a percentage) specified in the applicable Final Terms.

**"Direct Loan Participation"** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of a contractual right in favor of the Noteholder that provides such Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between such Noteholder and either (a) the Issuer (to the extent the Issuer is then a lender or a member of the relevant lending syndicate), or (b) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate).

**"Domestic Currency"** means the currency specified as such in the applicable Final Terms and any successor currency thereto (or if no such currency specified, the lawful currency and any successor currency of (a) the Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign).

**"Domestic Law"** means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if such Reference Entity is not a Sovereign.

**"Downstream Affiliate"** means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity.

**"Due and Payable Amount"** means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date) or (B) the Valuation Date, as applicable.

**"Eligible Information"** means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

**"Eligible Transferee"** means:

- (a) any:
  - (i) bank or other financial institution;
  - (ii) insurance or reinsurance company;
  - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and
  - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship), provided, however, in each case that such entity has total assets of at least USD 500,000,000;
- (b) an Affiliate of an entity specified in the preceding clause (a) of this definition;
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least USD 100,000,000 or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD 100,000,000;
  - (ii) that has total assets of at least USD 500,000,000; or

- (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in sub-paragraph (a), (b), (c)(ii) or (d) of this definition; and/or
- (d)
  - (i) any Sovereign; or
  - (ii) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

All references in this definition to USD include equivalent amounts in other currencies, as determined by the Calculation Agent.

**"Excluded Deliverable Obligation"** means:

- (a) any obligation of the Reference Entity specified as such or of a type described in the applicable Final Terms;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

**"Excluded Obligation"** means:

- (a) any obligation of the Reference Entity specified as such or of a type described in the applicable Final Terms;
- (b) if "Financial Reference Entity Terms" is specified as applicable in the applicable Final Terms and the Notional Credit Derivative Transaction is a Senior Transaction, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (c) if "Financial Reference Entity Terms" is specified as applicable in the applicable Final Terms and the Notional Credit Derivative Transaction is a Subordinated Transaction, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

**"Exercise Amount"** has the meaning set out in Credit Linked Condition 11 (*Restructuring Credit Event*).

**"Exercise Cut-off Date"** means either:

- (a) with respect to an M(M)R Restructuring and sub-paragraph (a) of the definition of "Credit Event Determination Date" applies:

- (i) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; provided that the Calculation Agent determines that such Resolution and Credit Derivatives Auction Settlement Terms constitute an Applicable Resolution and Applicable Credit Derivatives Auction Settlement Terms, as applicable; or
  - (ii) otherwise, the date that is 14 calendar days following the relevant No Auction Announcement Date; or
- (b) with respect to a Credit Event and sub-paragraph (a) of the definition of "Credit Event Determination Date" does not apply, the Non-Standard Exercise Cut-off Date;

or, in each case, such other date as the relevant Credit Derivatives Determinations Committee Resolves.

**"Extended Maturity Date"** means, where an Extension Notice has been served, the date that is fifteen (15) Business Days (or such other date as may be specified in the Final Terms) after:

- (a) if such notice was given pursuant to clause (a) of the definition of Extension Notice, the Scheduled Maturity Date; or
- (b) if such notice was given pursuant to clause (b) of the definition of Extension Notice, the Grace Period Extension Date; or
- (c) if such notice was given pursuant to clause (c) of the definition of Extension Notice, the Repudiation/Moratorium Evaluation Date; or
- (d) if such notice was given pursuant to clause (d) of the definition of Extension Notice, the Settlement Election End Date.

**"Extension Date"** means the latest to occur of:

- (a) the Scheduled Observation End Date;
- (b) the Grace Period Extension Date if:
  - (i) "Failure to Pay" and "Grace Period Extension" are specified as applicable in the applicable Final Terms; and
  - (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Scheduled Observation End Date; and
- (c) the Repudiation/Moratorium Evaluation Date (if any) if "Repudiation/Moratorium" is specified as applicable in the applicable Final Terms, unless the Final Terms specify an alternative time.

**"Extension Notice"** means a notice from the Calculation Agent to the Issuer, giving notice of the following in relation to a Reference Entity:

- (a) without prejudice to sub-paragraphs (b), (c) and (d) of this definition, that a Credit Event has occurred or may occur on or prior to the Scheduled Maturity Date; or
- (b) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Maturity Date. For the purposes of this sub-paragraph (b), the giving of a Grace Period Extension Notice (if on or prior to the Scheduled Maturity Date) shall be deemed to satisfy the requirement to give notice under this definition of Extension Notice. However, the giving of an Extension Notice in accordance with this sub-paragraph (b) shall not in any way preclude the subsequent giving of a Grace Period Extension Notice so long as the Grace Period Extension Condition is satisfied; or
- (c) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Maturity Date. For the purposes of this sub-paragraph (c), the giving of a Repudiation/Moratorium Extension Notice (if on or prior to the Scheduled Maturity Date) shall be deemed to satisfy the requirement to give notice under this definition of Extension Notice. However, the giving of an Extension Notice in accordance with this sub-paragraph (c) shall not in any way preclude the subsequent giving of a Repudiation/Moratorium Extension Notice so long as the Repudiation/Moratorium Extension Condition is satisfied; or
- (d) that an Applicable Request has been made on or prior to the Scheduled Maturity Date in respect of which an Applicable Resolution has not been published.

An Extension Notice shall be subject to the requirements regarding notices set out in Credit Linked Condition 3 (*Notices*).

**"Failure to Pay"** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure. If an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

**"Fallback Settlement Basis"** means, with respect to Notes for which "Auction Settlement" is specified as the Settlement Basis in the applicable Final Terms, the Fallback Settlement Basis specified in such Final Terms or, if no Fallback Settlement Basis is specified in the applicable Final Terms, the Fallback Settlement Basis shall be deemed to be "Cash Settlement".

**"Final List"** has the meaning given to that term in the DC Rules.

**"Final Price"** means the price of the Reference Obligation, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, determined by the Calculation Agent as of the Valuation Date in accordance with the Valuation Method specified in the applicable Final Terms.

**"Final Value"** means, in respect of a Reference Entity in respect of which a Credit Event Determination Date has occurred, either:

- (a) If the applicable Final Terms specify that the clause "Final Value" is stated as being "Fixed Recovery", the percentage specified as such in the applicable Final Terms; or
- (b) If the applicable Final Terms specify that the clause "Final Value" is stated as being "Floating Recovery":
  - (1) If "Auction Settlement" is specified as applicable in the applicable Final Terms and therefore the Final Value is to be determined pursuant to a Transaction Auction Settlement Terms and if a Transaction Auction Settlement Terms is published on or before 140 Business Days following the Credit Event Determination Date, that provides for the valuation of obligations of a Reference Entity in respect of which a Credit Event has occurred, the Auction Final Price (as specified in the relevant Transaction Auction Settlement Terms and expressed as a percentage) determined, if any, under such Transaction Auction Settlement Terms and applicable to the status of the Reference Obligation (subordinated or senior or any other applicable status as the case may be); or
  - (2) If (i) "Auction Settlement" is specified in the applicable Final Terms but no Transaction Auction Settlement Terms is published on or before 140 Business Days following the Credit Event Determination Date or (ii) Quotation Method is specified in the applicable Final Terms, the amount determined by the Calculation Agent on the Credit Valuation Date as follows:
    - (x) the Final Price if there is only one Reference Obligation; or
    - (y) the weighted average of the Final Prices of the Reference Obligations if the latter are a portfolio.

**"First-to-Default Credit Linked Notes"** means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, upon the occurrence of a Credit Event and a Credit Event Determination Date with respect to any of such Reference Entities, the Notes will be redeemed in accordance with the relevant Settlement Basis.

**"Fixed Cap"** means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, provided that a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these



purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

**"Fixed Recovery"** means in respect of Credit Linked Notes, the Final Value determination method specified in the applicable Final Terms.

**"Floating Recovery"** means in respect of Credit Linked Notes, the Final Value determination method specified in the applicable Final Terms.

**"Fractional Entitlement"** shall have the meaning specified in Credit Linked Condition 5(i).

**"Full Quotation"** means, in accordance with the Quotation Method, each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Balance or Due and Payable Amount equal to the Quotation Amount.

**"Fully Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition.

**"Further Subordinated Obligation"** means, if the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

**"Governmental Authority"** means:

- (a) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof);
- (b) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;
- (c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or all of its obligations; or
- (d) any other authority which is analogous to any of the entities specified in subparagraphs (a) to (c) of this definition.

**"Governmental Intervention"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case,

applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

- (a) any event which would affect creditors' rights so as to cause:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
  - (ii) reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium; or
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
- (b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
- (c) a mandatory cancellation, conversion or exchange; or
- (d) any event which has an analogous effect to any of the events specified in sub-paragraphs (a), (b) and (c) of this definition.

For purposes of this definition, the term "Obligation" shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

**"Grace Period"** means:

- (a) subject to sub-paragraphs (b) and (c) below, the applicable grace period with respect to payments under and in accordance with the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if "Grace Period Extension" is specified as applicable in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Observation End Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Observation End Date, the Grace Period will be deemed to be the lesser of such grace period and the number of days specified as such in the applicable Final Terms or, if a number of days is not so specified, thirty calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; **provided that**, unless "Grace Period Extension" is specified as applicable in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Observation End Date.

**"Grace Period Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation or, if a place or places are not so specified, (a) if the Obligation Currency is the euro, a TARGET Settlement Day, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

**"Grace Period Extension Condition"** is satisfied by the delivery of a Grace Period Extension Notice and, if specified as applicable in the applicable Final Terms, Notice of Publicly Available Information, by the Issuer to the Noteholders delivered on or before the Maturity Date.

**"Grace Period Extension Date"** means, if (a) "Grace Period Extension" is specified as applicable in the applicable Final Terms and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Observation End Date, the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay.

**"Grace Period Extension Notice"** means an irrevocable notice from the Issuer to the Noteholders that describes a Potential Failure to Pay that occurred on or after the Credit Observation Start Date and on or prior to the Scheduled Observation End Date. A Grace Period Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Failure to Pay has occurred and indicate that date of the occurrence. A Grace Period Extension Notice shall be subject to the requirements regarding notices contained in Base Condition 12 (*Notices*).

**"Hedge Unwind Costs"** means, with respect to any Series of Notes in respect of which "Hedge Unwind Adjustment" is specified as applying in the applicable Final Terms, the costs of unwinding any associated hedging transactions, including but not limited to any hedging and/or funding transactions, following the occurrence of a Credit Event.

**"Hedging Disruption"** means that the Issuer, the Guarantor, if applicable, and/or any of their respective Affiliates is unable, after using commercially reasonable efforts, or is no longer permitted pursuant to its internal policies in relation to dealings with sanctioned entities or territories to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract(s) it deems necessary to hedge its exposure with respect to the Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s) or any futures or options contract(s) or any relevant hedge positions relating to the Notes.

**"Highest"** means, with respect to the Reference Obligation on the relevant Valuation Date, the highest Quotation obtained by the Calculation Agent with respect to such Reference Obligation on such date.

**"Increased Cost of Hedging"** means that the Issuer, the Guarantor (if applicable) and/or any of their respective Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk,

foreign exchange risk and interest rate risk) of the Issuer or the Guarantor, (if applicable), issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer, the Guarantor, (if applicable) and/or any of their respective Affiliates shall not be deemed an Increased Cost of Hedging.

**"Interest Payment Cut-off Date"** means in respect of the Notes and any date which is an Interest Payment Date, the third Payment Business Day preceding such Interest Payment Date and in respect of any date which is not an Interest Payment Date, the third Business Day preceding the Maturity Date.

**"Interest Period End Date"** means each date specified as such in the applicable Final Terms, provided that if no dates are so specified, the Interest Period End Dates shall be each Interest Payment Date.

**"Interest Recommencement Date"** shall have the meaning specified in Credit Linked Condition 8 (*Reversals and Adjustments to Credit Event Determination Dates*).

**"ISDA"** means International Swaps and Derivatives Association, Inc. or any successor thereto as determined by the Calculation Agent.

**"Issuer Credit Event Notice"** has the meaning given to such term in Condition 3 (*Notices*).

**"Largest Asset Package"** means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee.

**"Latest Permissible Physical Settlement Date"** means the date that, in respect of Credit Linked Condition 5(f)(ii)(A), is thirty calendar days after the Physical Settlement Date and, in respect of Credit Linked Condition 5(f)(ii)(B) and (C), the date that is fifteen Business Days after the Physical Settlement Date.

**"Limitation Date"** means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **"2.5-year Limitation Date"**), 5 years, 7.5 years, 10 years (the **"10-year Limitation Date"**), 12.5 years, 15 years, or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

**"Linear Basket Credit Linked Notes"** mean Notes which are specified as such in the applicable Final Terms, in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, on each occasion on which a Credit Event occurs and a Credit Event Determination Date occurs with respect to any of the Reference Entities, the Notes will be redeemed in part

in an amount determined by reference to the Related Nominal Amount relating to such Reference Entity in accordance with the relevant Settlement Basis. Linear Basket Credit Linked Notes include also the N<sup>th</sup>-to-Default Linear Basket Credit Linked Notes which have become Linear Basket Credit Linked Notes pursuant to the definition of "N<sup>th</sup>-to-Default Linear Basket Credit Linked Notes".

**"Listed"** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.

**"Loan"** means any obligation of a type included in the definition of "Borrowed Money" that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

**"London Business Day"** a day on which commercial banks and foreign exchange markets are generally open to settle payments in London.

**"Loss Amount"** means

- (a) In respect of Tranche Notes, if the applicable Final Terms specify that the clause "N-to-M-to-Default" is stated as being "Not Applicable", in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred, an amount equal to the product of (i) the Reference Entity Notional Amount and (ii) the difference between the Tranche Reference Price and the Final Value, subject to a minimum of zero; and
- (b) In respect of Tranche Notes, if the applicable Final Terms specify that the clause "*N-to-M-to- Default*" is stated as being "*Applicable*", in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred:
  - (i) which has a Ranking strictly lower than N: an amount equal to the product of (1) the Reference Entity Notional Amount and (2) the Tranche Reference Price.
  - (ii) which has a Ranking higher than or equal to N and lower than or equal to M: an amount equal to the product of (1) the Reference Entity Notional Amount and (2) the difference between the Tranche Reference Price and the Final Value, subject to a minimum of zero.
  - (iii) which has a Ranking strictly higher than M: an amount equal to zero.

**"M(M)R Restructuring"** means a Restructuring Credit Event in respect of which either "Mod R" or "Mod Mod R" is specified as applicable in the applicable Final Terms.

**"Market"** means, with respect to the Reference Obligation on the relevant Valuation Date, the Market Value determined by the Calculation Agent with respect to such Reference Obligation on such date.

**"Market Value"** means, with respect to the Obligation on a Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such

highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and subject to sub-paragraph (b) of the definition of "Quotation" below), an amount that the Calculation Agent shall determine on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation is obtained; and (f) if two or more Full Quotations are not obtained within the additional ten Business Day period set forth in sub-paragraph (b) of the definition of "Quotation" below, the Market Value shall be determined as provided in such sub-paragraph (b).

**"Maximum Maturity"** means an obligation that has a remaining maturity of not greater than the period specified in the applicable Final Terms (or if no such period is specified, thirty years).

**"Minimum Quotation Amount"** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, the lower of (a) U.S.\$ 1,000,000 (or its equivalent in the Obligation Currency) and (b) the Quotation Amount).

**"Modified Eligible Transferee"** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**"Modified Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Observation End Date.

Subject to the foregoing, if the Scheduled Observation End Date is later than the 10-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Observation End Date.

**"Movement Option"** means, with respect to an M(M)R Restructuring to which a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) or (c)(ii) of the definition of No Auction Announcement Date, the option of the Issuer to determine in good faith the Parallel Auction Settlement Terms, if any, that shall be deemed to be applicable for the purposes of the Notes and Auction Settlement in respect of a Reference Entity and a Credit Event (for which purpose the Issuer may take into account (a) the terms of the relevant Parallel Auction Settlement Terms, the permissible deliverable obligations thereunder, the Deliverable Obligations under the Notes and (b) any hedging transaction that the Issuer has or may enter into in connection with the Notes).

**"Movement Option Cut-off Date"** means the date that is one Relevant City Business Day following the Exercise Cut-off Date, or such other date as the relevant Credit Derivatives Determinations Committee has Resolved.

**"Multiple Holder Obligation"** means an Obligation that (a) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (b) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event, provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (b) above.

**"N-to-M-to-Default"** in respect of Tranche Notes, if specified as applicable in the relevant Final Terms, indicates:

- (a) **N:** the number corresponding to the Ranking starting at which the Aggregate Loss Amount will be an amount greater than zero;
- (b) **M:** the number corresponding to the Ranking above which the Aggregate Loss Amount ceases to increase; and
- (c) **P:** the number of Reference Entities within the Reference Portfolio.

**"New Rate of Interest"** means, if specified as applicable in the relevant Final Terms, and if a Credit Event will occur in respect of the Relevant Defaulted Reference Entities, a rate calculated according to the following formula:

$$\frac{N - n}{N - \text{Protected Defaulted Reference Entities}}$$

Where:

"N" indicates the number of Reference Entities comprised in the Reference Portfolio; and

"n" indicates the number of Reference Entities in respect of which a Credit Event has occurred from the Credit Observation Start Date, until the date on which a Credit Event has occurred in respect of any Defaulted Credit. For example, upon the occurrence of a Credit Event in respect to the eighth Reference Entity, "n" shall be equal to 8.

For the avoidance of doubt, ongoing coupons will be calculated as:

$$\text{New Rate of Interest} * \text{Tranche Notional Amount} * \frac{N - n}{N - \text{Protected Defaulted Reference Entities}}$$

**"Next Currency Fixing Time"** means 4:00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPS Amendment Notice, as applicable, is effective.

**"No Auction Announcement Date"** means, with respect to Notes for which Auction Settlement is specified as the Settlement Basis in the applicable Final Terms, a Reference Entity and a Credit Event, the date on which the Calculation Agent determines that the DC Secretary first publicly announces that:

- (a) no Applicable Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published; or
- (b) following the occurrence of an M(M)R Restructuring, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either (i) no Parallel Auction will be held, or (ii) one or more Parallel Auctions will be held and the Calculation Agent determines that such Resolution is an Applicable Resolution and no Applicable Auction will be held.

**"No Standard Reference Obligation"** means that if the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.

**"Non-Conforming Reference Obligation"** means a Reference Obligation which is not a Conforming Reference Obligation.

**"Non-Conforming Substitute Reference Obligation"** means an obligation which would be a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of Deliverable Obligation on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

**"Non-Financial Instrument"** means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

**"Non-Standard Event Determination Date"** means, with respect to a Credit Event to which sub-paragraph (a) of the definition of "Credit Event Determination Date" does not apply and as determined by the Calculation Agent (which may take into account, without limitation, any hedging transaction that the Issuer has or may enter into in connection with the Notes):

- (a) subject to paragraphs (b) and (c) below, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
- (b) notwithstanding paragraph (a) above, but subject to paragraph (c) below, if a DC Credit Event Announcement has occurred and the Credit Event Resolution



Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) either:

- (i) the Credit Event Resolution Request Date, if either:
  - (A)
    - (1) "Auction Settlement" is not specified as being applicable in the Final Terms;
    - (2) the relevant Credit Event is not an M(M)R Restructuring; and
    - (3) the Trade Date occurs on or prior to the date of the DC Credit Event Announcement; or
  - (B)
    - (1) either:
      - (x) "Auction Settlement" is specified as being applicable in the Final Terms; or
      - (y) the relevant Credit Event is an M(M)R Restructuring; and
    - (2) a Credit Event Notice is delivered by the Notifying Party and is effective on or prior to the Non-Standard Exercise Cut-off Date, or
- (ii) the first date on which a Credit Event Notice is delivered by the Notifying Party and is effective during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the date that is fourteen calendar days thereafter (provided, in each case, that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
  - (A)
    - (1) "Auction Settlement" is not specified as being applicable in the Final Terms;
    - (2) the relevant Credit Event is not an M(M)R Restructuring; and
    - (3) the Trade Date occurs following the date of the related DC Credit Event Announcement and on or prior to a DC Announcement Coverage Cut-off Date; or

(B)

- (1) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; and
- (2) either:
  - (x) "Auction Settlement" is not specified as being applicable in the Final Terms; or
  - (y) "Auction Settlement" is specified as being applicable in the Final Terms and a Credit Event Notice is delivered by the Notifying Party and is effective on a date that is later than the relevant Non-Standard Exercise Cut-off Date;

**provided that:**

- (aa) no Physical Settlement Date, if applicable, or Cash Settlement Date has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs;
- (bb) if any Valuation Date or Delivery Date, as applicable, has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs, a Non-Standard Event Determination Date shall be deemed to have occurred only with respect to the portion of the aggregate outstanding principal amount of the Notes then outstanding (or, in the case of Linear Basket Credit Linked Notes, the Related Nominal Amount in respect of the relevant Reference Entity), if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and
- (cc) no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered to the relevant Issuer by the Calculation Agent, (xx) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, (yy) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the aggregate outstanding principal amount of the Notes then outstanding (or, in the case of Linear Basket Credit Linked Notes, the Related Nominal Amount in respect of the relevant Reference Entity) or (zz) unless the Notional Credit Derivative Transaction is an Auction Covered Transaction and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable

Obligations for such Notional Credit Derivative Transaction.

- (c) if the Obligation Category specified in the applicable Final Terms is "Reference Obligation Only" and "Specific Non-Standard Event Determination Date provisions" are specified as applicable in the relevant Final Terms, then, notwithstanding paragraphs (a) and (b) above, the Specific Non-Standard Event Determination Date.

**"Non-Standard Exercise Cut-off Date"** means:

- (a) if the relevant Credit Event is not an M(M)R Restructuring, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable; or
- (b) if the relevant Credit Event is an M(M)R Restructuring and:
  - (i) the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is either two Relevant City Business Days or five Relevant City Business Days following the date on which such Final List is published (as determined by the Calculation Agent taking into account, without limitation, any hedging transaction that the Issuer has or may enter into in connection with the Notes); or
  - (ii) otherwise, the date that is fourteen calendar days following the relevant No Auction Announcement Date.

**"Non-Standard Reference Obligation"** means the Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.

**"Non-Transferable Instrument"** means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

**"NOPS Amendment Notice"** has the meaning given to it in Credit Linked Condition 5(a). A NOPS Amendment Notice shall contain a revised detailed description of each replacement Deliverable Obligation that the Issuer will deliver in accordance with Credit Linked Condition 5 (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Outstanding Amount of each Replacement Deliverable Obligation identified in a NOPS Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced

Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligations specified in any NOPS Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligations specified in the Notice of Physical Settlement or any earlier NOPS Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any change resulting from such NOPS Amendment Notice).

**"NOPS Cut-off Date"** means, subject, where applicable, to Credit Linked Condition 7 (*Suspension Terms*):

- (a) subject to sub-paragraph (b) below:
  - (i) the thirtieth calendar day after the Credit Event Determination Date; and
  - (ii) the tenth calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth calendar day after the Non-Standard Exercise Cut-off Date); or
- (b) if "Physical Settlement" is applicable pursuant to the Fallback Settlement Basis:
  - (i) the relevant Credit Event is not an M(M)R Restructuring, the later of (A) the date determined pursuant to sub-paragraph (a)(i) and (B) the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date occurring pursuant to sub-paragraphs (a) or (c)(i) of the definition thereof, as applicable; or
  - (ii) the relevant Credit Event is an M(M)R Restructuring, either:
    - (A) the later of:
      - (1) the date determined pursuant to sub-paragraph (a)(i) above; and
      - (2) the thirtieth calendar day after:
        - (x) a No Auction Announcement Date occurring pursuant to sub-paragraph (a) of the definition thereof, if any;
        - (y) a No Auction Announcement Date occurring pursuant to sub-paragraph (c)(i) of the definition thereof, if any; or
        - (z) the Auction Cancellation Date, if any, as applicable; or
    - (B) the later of the Parallel Notice of Physical Settlement Date (or, if more than one should occur, the last Parallel Notice of Physical

Settlement Date), and the Relevant City Business Day immediately following the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:

- (1) a No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition thereof and the Movement Option has not been exercised; or
- (2) a No Auction Announcement Date occurs pursuant to sub-paragraph (c)(ii) of the definition thereof and the Movement Option has not been exercised,

**provided that** in the case of sub-paragraphs (a)(ii) and (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in sub-paragraph (a)(i) above.

**"NOPS Effective Date"** means the date on which an effective Notice of Physical Settlement or NOPS Amendment Notice, as the case may be, is delivered by the Issuer.

**"Not Bearer"** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear System, Clearstream Luxembourg or any other internationally recognised clearing system.

**"Not Domestic Currency"** means any obligation that is payable in any currency other than the applicable Domestic Currency, provided that a Standard Specified Currency shall not constitute a Domestic Currency.

**"Not Domestic Issuance"** means any obligation other than an obligation that was issued (or reissued, as the case may be) or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

**"Not Domestic Law"** means any obligation that is not governed by the applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law.

**"Not Sovereign Lender"** means any obligation that is not primarily owed to (a) a Sovereign or (b) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt".

**"Not Subordinated"** means an obligation that is not Subordinated to (a) the Reference Obligation or (b) the Prior Reference Obligation, if applicable.

**"Notice Delivery Date"** means the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the applicable Final Terms, an effective Notice of Publicly Available Information, have been delivered in accordance with these Credit Linked Conditions.

**"Notice Delivery Period"** means the period from and including the Trade Date to and including the date that is fourteen calendar days after the Extension Date.

**"Notice of Physical Settlement"** means a notice from the Issuer to the Calculation Agent and the Noteholders in accordance with Base Condition 12 (*Notices*). A Notice of Physical Settlement shall be subject to the requirements regarding notices contained in Credit Linked Condition 3 (*Notices*). A Notice of Physical Settlement shall contain:

- (a) a detailed description of each Deliverable Obligation that the Issuer intends to Deliver to the Noteholders, including, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available or applicable, the rate and tenor of each such Deliverable Obligation); and
- (b) the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency (in each case, the "**Outstanding Amount**") and, if different, the face amount, of each such Deliverable Obligation and the aggregate Outstanding Amount of all Deliverable Obligations specified in the Notice of Physical Settlement that the Issuer intends to Deliver to the Noteholders (the "**Aggregate Outstanding Amount**").

The Issuer may correct any errors or inconsistencies in the detailed description of each Deliverable Obligation contained in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, by notice to Noteholders prior to the relevant Delivery Date and if Asset Package Delivery is applicable, the Issuer shall, on the NOPS Effective Date or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify Noteholders of the detailed description of the Asset Package, if any, that it intends to Deliver to Noteholders in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, it being understood in each case that such notice shall not constitute a NOPS Amendment Notice.

**"Notice of Publicly Available Information"** means an irrevocable notice from the Calculation Agent to the Noteholders that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice given must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices contained in Credit Linked Condition 3 (*Notices*).

**"Notice to Exercise Movement Option"** means, if (a) M(M)R Restructuring is applicable and (b) the Fallback Settlement Basis would otherwise be applicable

pursuant to Credit Linked Condition 3, a notice from the Issuer to the Calculation Agent that (a) specifies the Parallel Auction Settlement Terms applicable with respect to Notes in accordance with the Movement Option and (b) is effective on or prior to the Movement Option Cut-off Date.

**"Notional Credit Derivative Transaction"** means, with respect to any Note to which these Credit Linked Conditions apply and a Reference Entity, a hypothetical market standard credit default swap transaction entered into by the relevant Issuer, as Buyer (as defined in the 2014 Credit Derivatives Definitions as published by ISDA), incorporating the terms of the 2014 Credit Derivatives Definitions as published by ISDA and under the terms of which:

- (a) the "Trade Date" is the Trade Date, if specified in the applicable Final Terms and if not, the Issue Date;
- (b) the "Scheduled Termination Date" is the scheduled Settlement Observation End Date;
- (c) the "Reference Entit(y)(ies)" thereunder is (are) such Reference Entit(y)(ies); and
- (d) the remaining terms as to credit linkage are consistent with the terms of such Note as they relate to such Reference Entity.

**"N<sup>th</sup> Reference Entity"** means, in respect of any Series of N<sup>th</sup>-to-Default Credit Linked Notes, the numbered Reference Entity with respect to which a Credit Event Determination Date must have occurred in order for the Notes to be redeemed in accordance with the applicable Settlement Basis. For example, if the applicable Final Terms specify that the Notes are Second-to-Default Credit Linked Notes, then the N<sup>th</sup> Reference Entity shall be the second Reference Entity with respect to which a Credit Event Determination Date has occurred.

**"N<sup>th</sup>-to-Default Credit Linked Notes"** means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, upon the occurrence of a Credit Event or a Credit Event Determination Date with respect to the N<sup>th</sup> Reference Entity, the Notes will be redeemed in accordance with the relevant Settlement Basis.

**"N<sup>th</sup>-to-Default Linear Basket Credit Linked Notes"** means any Series of Notes in respect of which the relevant Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, upon the occurrence of a Credit Event and a Credit Event Determination Date with respect to the N<sup>th</sup> Reference Entity, the Notes will not be redeemed (neither in whole nor in part) but they will become and shall be treated, under and for the purposes of these Credit Linked Conditions, as Linear Basket Credit Linked Notes in respect the Remaining Reference Entity(ies).

**"Obligation"** means (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee), described by the Obligation Category and having each of the Obligation Characteristics specified in the applicable Final Terms and the Reference Obligation in each case, unless it is an Excluded Obligation, in each case,

immediately prior the Credit Event which is the subject of either the Credit Event Notice or the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, (b) each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Obligation and (c) any other obligations of the Reference Entity as specified in the applicable Final Terms.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

**"Obligation Category"** means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms.

**"Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, as specified in the applicable Final Terms; **provided that** (a) if the applicable Final Terms specifies the Obligation Category as being Reference Obligation Only, then no Obligation Characteristics shall be applicable; and (b) in any case, the applicable Final Terms may specify that the Obligation Characteristics are not applicable.

If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.

If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the applicable Final Terms, if an obligation would otherwise satisfy a particular Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic.

**"Obligation Currency"** means, with respect to an Obligation, the currency in which the Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

**"Observation Period"** has the meaning ascribed to it in the applicable Final Terms.



**"Original Non-Standard Reference Obligation"** means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in the applicable Final Terms (if any is so specified) **provided that** if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the Notes (**"Non-Reference Entity Original Non-Standard Reference Obligation"**), other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic, unless (a) Non-Reference Entity Original Non-Standard Reference Obligation is specified as applicable in the applicable Final Terms, or (b) the Notes are Reference Obligation Only Notes.

**"Outstanding Amount"** has the meaning set out in Credit Linked Condition 11(b).

The **"Outstanding Principal Balance"** an obligation calculated as follows:

- (a) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with Credit Linked Condition 5, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (ii) the amount of the Fixed Cap, if any);
- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (i) is subject to any Prohibited Action, or (ii) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (A) payment or (B) a Permitted Contingency) (the amount determined in sub-paragraph (a) less any amounts subtracted in accordance with sub-paragraph (b), the **"Non-Contingent Amount"**); and
- (c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (1) unless otherwise specified in the applicable Final Terms, in accordance with the terms of the obligation in effect on either (x) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (y) the Valuation Date, as applicable; and
- (2) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

**"Overnight Rate"** means the overnight rate for deposits in the relevant currency as determined by the Calculation Agent, in good faith having regard to any then existing market practice.

**"Package Observable Bond"** means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within the definition of Deliverable Obligation set out in sub-paragraphs (a) or (b) of such definition, in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

**"Parallel Auction"** means "Auction" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Notes and the Calculation Agent determines that the related Auction would not be an Applicable Auction for the purposes of the Notes.

**"Parallel Notice of Physical Settlement Date"** means "Notice of Physical Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Partial Cash Settlement Amount"** means, for each Undeliverable Obligation, Undeliverable Loan Obligation or Undeliverable Participation, save as otherwise specified in the applicable Final Terms, an amount equal to the Recovery Amount in respect of such Undeliverable Obligation, Undeliverable Loan Obligation or Undeliverable Participation.

**"Partial Cash Settlement Date"** has the meaning given to it in the applicable Final Terms, or, if such a meaning is not so specified, means the date that is three Business Days after the Latest Permissible Physical Settlement Date.

**"Partial Principal Amount"** has the meaning set out in Credit Linked Condition 10 (*Succession Event*).

**"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

**"Payment Requirement"** means the amount specified as such in the applicable Final Terms or its equivalent in the Obligation Currency (or, if no such amount is specified in the applicable Final Terms, U.S.\$ 1,000,000 or its equivalent in the relevant Obligation Currency) in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included on the Final List pursuant to the Deliverable Obligation Terms that are applicable to that Auction.

**"Permitted Contingency"** means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

- (a) as a result of the application of:
  - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
  - (ii) provisions implementing the Subordination of the obligation;
  - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
  - (iv) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the related Confirmation; or
  - (v) provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the related Confirmation; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

**"Permitted Transfer"** means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

**"Physical Determination Date"** means the date that is on or prior to two Business Days following the NOPS Cut-off Date.

**"Physical Settlement Cut-Off Date"** shall have the meaning specified in Credit Linked Condition 5(c).

**"Physical Settlement Date"** means the date that is:

- (i) the number of Business Days specified in the applicable Final Terms after the date of delivery of the Notice of Physical Settlement; or
- (ii) if such number of Business Days is not so specified, (i) thirty (30) Business Days after the date of delivery of the Notice of Physical Settlement or (ii) two Business Days following the last day of the longest Physical Settlement Period, if later.

**"Physical Settlement Matrix"** means the Credit Derivatives Physical Settlement Matrix Supplement to the Credit Derivatives Definitions, as most recently amended or supplemented as at the Trade Date (unless otherwise specified in the Final Terms) and as published by ISDA, currently at [www.isda.org](http://www.isda.org), provided that any reference therein

to (a) "Confirmation" shall be deemed to be a reference to the applicable Final Terms; (b) "Floating Rate Payer Calculation Amount" shall be deemed to be a reference to the Settlement Currency, (c) "Section 3.3 of the Definitions" shall be deemed to be a reference to "Credit Event Notice" as defined in this Credit Linked Condition 15, (d) "Section 3.9" shall be deemed to be a reference to Credit Linked Condition 11 and (e) "Section 8.6" shall be deemed to be a reference to "Physical Settlement Period" as defined in this Credit Linked Condition 15.

**"Physical Settlement Period"** means, subject to Condition 5 of these Credit Linked Conditions, with respect to a Deliverable Obligation comprising any Relevant Proportion of the Deliverable Obligations, the period specified in the applicable Final Terms or, if no period is so specified in the applicable Final Terms, the longest number of Business days for settlement in accordance with then current market practice of such Deliverable Obligations, as determined by the Calculation Agent, provided that if the Issuer has notified the Noteholders that it intends to Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be thirty Business Days.

**"Post Dismissal Additional Period"** means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

**"Potential Failure to Pay"** means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, as determined on the basis of Publicly Available Information by the Calculation Agent.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in clause (i) of the definition of Repudiation/Moratorium.

**"Prior Deliverable Obligation"** means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within sub-paragraphs (a) or (b) of the definition of Deliverable Obligation, in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

**"Prior Reference Obligation"** means in circumstances where there is no Reference Obligation applicable to a Reference Entity for the purposes of the Notes, (a) the Reference Obligation most recently applicable thereto, if any, and otherwise, (b) the obligation specified in the applicable Final Terms as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (c) any unsubordinated Borrowed Money obligation of the Reference Entity.

**"Private-side Loan"** means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

**"Prohibited Action"** means any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in sub-paragraphs (a) to (d) of the definition of Credit Event) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

**"Protected Defaulted Reference Entities"** means, if specified as applicable in the relevant Final Terms, the number of Reference Entities, specified in the relevant Final Terms.

**"Public Source"** means each source of Publicly Available Information specified as such in the applicable Final Terms (or, if no such source is specified, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or a Repudiation/Moratorium Extension Notice have occurred and which:

- (a) has been published in or on not less than the Specified Number of Public Sources (regardless of whether the reader or user thereof pays a fee to obtain such information);
- (b) is information received from or published by (i) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other regulatory authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
- (c) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body,

**provided that** where any information of the type described in sub-clauses (b) or (c) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

In relation to any information of the type described in sub-clauses (b) or (c) above, each Noteholder may assume that such information has been disclosed to it without violating any law, agreement or understanding or other restriction regarding the confidentiality of such information and that the Calculation Agent has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.

Without limitation, Publicly Available Information need not state (i) in relation to a Downstream Affiliate, the percentage of Voting Shares owned by the Reference Entity and (ii) that the relevant occurrence (A) has met the Payment Requirement or Default Requirement, (B) is the result of exceeding any applicable Grace Period or (C) has met the subjective criteria specified in certain Credit Events.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in sub-clauses (a) and (b) of the definition of Repudiation/Moratorium.

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

**"Qualifying Guarantee"** means a guarantee evidenced by a written instrument (which may include a statute or regulation) pursuant to which the Reference Entity irrevocably agrees, undertakes, or is otherwise obliged to pay all amounts or principal and interest (except for amounts which are not covered due to the exercise of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee or payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form);  
or
- (b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
  - (i) by payment;
  - (ii) by way of Permitted Transfer;
  - (iii) by operation of law;

- (iv) due to the existence of a Fixed Cap; or
- (v) due to:
  - (A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the applicable Final Terms; or
  - (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the applicable Final Terms in respect of the relevant Reference Entity.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (1) a non-payment in respect of the guarantee or the Underlying Obligation, or (2) an event of the type described in the definition of Bankruptcy in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- (x) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- (y) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Quantum of the Claim"** means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount.

**"Quotation"** means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage of the Reference Obligation's Outstanding Principal Balance or Due and Payable Amount, as applicable, with respect to a Valuation Date in the following manner:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next

following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.

- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**"Quotation Amount"** means the sum so specified in the applicable Final Terms (or, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained) **provided that** if no such sum is specified, the Quotation Amount shall be (a) an amount equal to the aggregate outstanding principal amount of the Notes or, in the case of Linear Basket Credit Linked Notes, the Related Nominal Amount of the relevant Reference Entity or (b) in the case of a Restructuring (if applicable), an amount equal to the relevant Exercise Amount.

**"Quotation Dealer"** means a dealer (other than the relevant Issuer or any Affiliate of the relevant Issuer, unless otherwise specified in the applicable Final Terms) in obligations of the type of Obligation(s) for which Quotations are to be obtained, as selected by the Calculation Agent.

**"Quotation Method"** means the Quotation Method specified in the applicable Final Terms by reference to one of the following terms:

- (a) **"Bid"** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **"Offer"** means that only offer quotations shall be requested from Quotation Dealers; or
- (c) **"Mid-market"** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer's quotation.

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

**"Ranking"** means, for Tranche Notes where N-to-M-to-Default is specified as *"Applicable"* in the applicable Final Terms, in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred, the ranking in time of occurrence of such Credit Event Determination Date amongst all Credit Event Determination Dates, provided that if several Credit Event Determination Dates are



identical in respect of several Reference Entities comprised within the Reference Portfolio, the date on which the relevant Credit Event Notices have been sent shall be used to determine the Ranking of those Reference Entities and if the Credit Event Notices have been sent on the same date, the time on which the relevant Credit Event Notices have been sent shall be used to determine the Ranking of those Reference Entities.

For the avoidance of doubt, the first Reference Entity in respect of which a Credit Event Determination Date occurs will have a Ranking of 1.

**"Recovery Amount"** means, save as otherwise specified in the applicable Final Terms, an amount in the Settlement Currency divided by the Nominal Amount which shall in turn be divided, if applicable, by the applicable Currency Rate, determined by the Calculation Agent as being equal to the proceeds, if any, actually received by the Issuer upon the sale or disposal of (a) a nominal amount of the Reference Obligation(s) equal to the aggregate outstanding principal amount of the Notes or (b) in the case of a Restructuring (if applicable), a nominal amount of the Reference Obligation(s) equal to the relevant Exercise Amount or (c) in the case of a Linear Basket Credit Linked Note, a nominal amount of the Reference Obligation(s) equal to the relevant Related Nominal Amount or (d) in the event that Credit Linked Condition 5(f)(iii) applies, the Undeliverable Obligation, Undeliverable Loan Obligation or Undeliverable Participation, as the case may be, in each case subject to deduction of any amount of any taxes, fees, or costs that may be incurred by the Issuer. For the avoidance of doubt, in the event that there is more than one Reference Obligation, the Issuer shall determine, in its sole and absolute discretion, the selection of Reference Obligations for such sale or disposal.

**"Reference Entity"** or **"Reference Entities"** means the entity or entities specified as such in the applicable Final Terms, and any Successor either (a) as determined by the Calculation Agent on or following the Trade Date or (b) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date, be the Reference Entity.

**"Reference Entity Level"** means, on any relevant Scheduled Trading Day, the closing level of the Reference Entity on such Scheduled Trading Day. The information source will be specified in the relevant Final Terms and may include, without limitation, third-party information providers (such as Bloomberg or Reuters), a supervisory authority or a central bank, a regulated market or other trading venue manager or a third-party intermediary.

**"Reference Entity Notional Amount"** means, unless specified otherwise in the applicable Final Terms, for each Reference Entity, the amount equal to the product of the Reference Entity Weighting and the Reference Portfolio Amount;

**"Reference Entity Weighting"** means the proportion specified as such in the applicable Final Terms, which will be adjusted in accordance with the provisions of the definition of Successor upon the occurrence of a Succession Event, if applicable;

**"Reference Obligation"** means the Standard Reference Obligation, if any, unless:

- (a) "Standard Reference Obligation" is specified as not applicable in the applicable Final Terms, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (b) (i) "Standard Reference Obligation" is specified as applicable in the applicable Final Terms (or no election is specified in the applicable Final Terms), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the applicable Final Terms, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

**"Reference Obligation Only"** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligation Only.

**"Reference Obligation Only Notes"** means Notes in respect of which (a) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category in the applicable Final Terms and (b) "Standard Reference Obligation" is specified as not applicable in the applicable Final Terms. If a Substitution Event occurs with respect to the Reference Obligation applicable to Reference Obligation Only Notes, such Reference Obligation shall continue to be the Reference Obligation.

Notwithstanding the other provisions of these Credit Linked Conditions, (i) no Substitute Reference Obligation shall be determined in respect of a Reference Obligation Only Trade and (ii) if the events set out in sub-paragraphs (b) or (c) of the definition of Substitution Event occur with respect to the Reference Obligation in a Reference Obligation Only Trade, such Reference Obligation shall continue to be the Reference Obligation.

**"Reference Portfolio"** means, in respect of Tranche Notes, a portfolio comprising all the Reference Entities.

**"Reference Portfolio Notional Amount"** means, unless specified otherwise in the applicable Final Terms, in respect of Tranche Notes, an amount equal to the Aggregate Nominal Amount divided by the difference between the Detachment Point and the Attachment Point;

**"Related Nominal Amount"** means, in respect of a Reference Entity, the amount specified as such in the applicable Final Terms.

**"Relevant City Business Day"** has the meaning given to that term in the DC Rules.

**"Relevant Defaulted Reference Entities"** means, if applicable, each Reference Entity in relation to which a Credit Event has occurred following the Protected Defaulted Reference Entities.

**"Relevant Guarantee"** means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the applicable Final Terms, a Qualifying Guarantee.

If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:

- (a) For the purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (b) For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics specified in the applicable Final Terms from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency", and "Not Domestic Law".
- (c) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics specified in the applicable Final Terms from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated" or "Matured" and "Not Bearer".
- (d) For the purposes of the application of the Obligation Characteristics or Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.

**"Relevant Holder"** means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement, or NOPS Amendment Notice, as applicable.

**"Relevant Obligations"** means the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), **provided that:**

- (a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (b) if there is a Steps Plan, the Calculation Agent shall, for the purposes of determination required to be made under sub-paragraph (a) of the definition of Successor, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;

- (c) if "Financial Reference Entity Terms" is specified as applicable in the applicable Final Terms and the Notes are a Senior Transaction, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
- (d) if "Financial Reference Entity Terms" is specified as applicable in the applicable Final Terms and the Notes are a Subordinated Transaction, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall have the same meaning as it would if the Notes were a Senior Transaction.

**"Relevant Proportion"** means the proportion which the principal amount of the Note or Notes the subject of an Asset Transfer Notice bears to the Aggregate Nominal Amount of all Notes outstanding (including those the subject of the Asset Transfer Notice) immediately prior to the date set for redemption.

**"Remaining Amount"** has the meaning set out in Credit Linked Condition 7(c)(iii).

**"Remaining Reference Entities"** means, with respect to N<sup>th</sup> - Default Linear Basket Credit Linked Notes, the Reference Entity(ies) remaining after the occurrence of a Credit Event and a Credit Event Determination Date with respect to the N<sup>th</sup> Reference Entity.

**"Repudiation/Moratorium"** means the occurrence of both the following events:

- (a) an authorised officer of the Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole, or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Observation End Date:

- (a) if the Obligations to which such Potential Repudiation/ Moratorium relates include Bonds, the date that is the later of (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, if the expiration date of any applicable Grace Period in respect of such payment date); and

- (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium,

**provided that**, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Observation End Date unless the Repudiation/Moratorium Extension Condition is satisfied.

The "**Repudiation/Moratorium Extension Condition**" is satisfied:

- (a) if the Calculation Agent determines that the DC Secretary has publicly announced, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Observation End Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to the Scheduled Observation End Date and such Resolution constitutes an Applicable Resolution; or
- (b) otherwise by the delivery of a Repudiation/Moratorium Extension Notice and, if specified as applicable in the applicable Final Terms, a Notice of Publicly Available Information, by the Issuer to Noteholders in accordance with these Credit Linked Conditions prior to the Scheduled Maturity Date.

In all cases, the Calculation Agent may determine that the Repudiation/Moratorium Extension Condition has not been satisfied, or is not capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (i) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity or (ii) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity but that such event occurred after the Scheduled Observation End Date, in each case provided that the Calculation Agent determines such Resolution is an Applicable Resolution.

**"Repudiation/Moratorium Extension Notice"** means an irrevocable notice from the Issuer to the Noteholders in accordance with these Credit Linked Conditions that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Observation End Date. A Repudiation/ Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not to be continuing on the date the Repudiation/Moratorium Extension Notice is delivered.

**"Resolve"**, **"Resolved"**, **"Resolves"** and **"Resolving"** means, with respect to a Credit Derivatives Determinations Committee, the making of a specific determination in accordance with the relevant Rules (and each such determination, a "DC Resolution").

**"Restructured Bond or Loan"** means an Obligation that is a Bond or Loan in respect of which the relevant Restructuring has occurred.

**"Restructuring"** means:

- (a) with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs, is agreed between the Reference Entity or a Governmental Authority and the holder or holders of such Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including in each case in respect of Bonds only, by way of exchange), and such event is not provided for under the terms of such Obligation in effect as of the later of the relevant Credit Event Backstop Date and the date as of which such obligation is issued or incurred:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
  - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the subordination of such Obligation; or
  - (v) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).
- (b) Notwithstanding the provisions of sub-paragraph (a) of this definition of Restructuring, none of the following shall constitute a Restructuring:
  - (i) the payment in euros of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
  - (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;

- (iii) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) to (v) of this definition of Restructuring, due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iv) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a) (i) to (v) of this definition of Restructuring, in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of sub-paragraph (a)(v) only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.
- (c) For the purposes of sub-paragraphs (a) and (b) of this definition of Restructuring, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in sub-paragraph (a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in sub-paragraph (b) shall continue to refer to the Reference Entity.
- (d) If an exchange has occurred, the determination as to whether one of the events described under sub-paragraphs (a)(i) to (v) has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.
- (e) Unless Multiple Holder Obligation is specified as not applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in (a), (b) or (c) above, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

**"Restructuring Date"** means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing the Restructuring.

**"Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Observation End Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Observation End Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

**"Revised Currency Rate"** means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time, or (b) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner.

**"Scheduled Observation End Date"** means the date specified as such in the applicable Final Terms, or if no date is so specified, the Scheduled Maturity Date. The Scheduled Observation End Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Senior Obligation"** means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity.

**"Senior Transaction"** means a Notional Credit Derivative Transaction for which (a) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (b) there is no Reference Obligation or Prior Reference Obligation.

**"Seniority Level"** means, with respect to an obligation of the Reference Entity, (a) "Senior Level" or "Subordinated Level" as specified in the applicable Final Terms, or (b) if no such seniority level is specified in the applicable Final Terms, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which (c) "Senior Level".

**"Settlement Basis"** means Cash Settlement, Physical Settlement and/or Auction Settlement, as specified in the applicable Final Terms or Credit Event Notice.

**"Settlement Currency"** means the currency specified in the applicable Final Terms.

**"Settlement Date"** means either the Cash Settlement Date, the Physical Settlement Date or the Auction Settlement Date, as applicable.

**"Settlement Election End Date"** means the later of:

- (a) the last day of the period described in sub-paragraph (a) of the definition of "Credit Event Determination Date"; and
- (b) the last day of the latest of the periods described in the definition of "NOPS Cut-off Date".

**"Single Name Credit Linked Notes"** means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of one Reference Entity alone and pursuant to which, upon the occurrence of a Credit Event Determination Date with respect to the single Reference Entity, the Notes will be redeemed in accordance with the relevant Settlement Basis.

**"Solvency Capital Provisions"** means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended,



cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including, without limiting the foregoing, the central bank) thereof.

**"Sovereign Restructured Deliverable Obligation"** means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within the definition of a Deliverable Obligation set out in sub-paragraph (a) of the definition of Deliverable Obligation immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Sovereign Succession Event"** means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.

**"Specific Non-Standard Event Determination Date"** the date specified as such in the applicable Final Terms, or if no date is so specified, the Notice Delivery Date.

**"Specified Currency"** means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Specified Currency is selected as an Obligation Characteristic or Deliverable Obligation Characteristic in the applicable Final Terms and no currency is so specified, any Standard Specified Currency), provided that if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in euro, regardless of any redenomination thereunder if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

**"Specified Number"** means the number of Public Sources specified in the applicable Final Terms (or, if no such number is specified, two).

**"SRO List"** means the list of Standard Reference Obligations as published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

**"Standard Reference Obligation"** means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List.

**"Standard Specified Currency"** means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro shall mean the currency which succeeds to and replaces the euro in whole).

**"Standard Unwind Costs"** means, with respect to any Series of Notes in respect of which "Standard Unwind Adjustment" is specified as applying in the applicable Final

Terms, an amount, subject to a minimum of zero, determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the exercise, settlement, cancellation and/or termination of the relevant Series of Notes (and/or the reduction in the outstanding principal amount thereof) and the related termination, settlement or re-establishment of any transaction or trading position entered into or held by the Issuer and/or any of its Affiliates to hedge, directly or indirectly, the Issuer's obligations or positions (whether in whole or in part) in respect of the relevant Series of Notes, such amount to be apportioned *pro rata* amongst the outstanding principal amount outstanding of each relevant Series of Notes.

**"Steps Plan"** means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

**"Subordinated"** will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (i) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (ii) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date.

**"Subordinated Obligation"** means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

**"Subordinated Transaction"** means a Notional Credit Derivative Transaction for which the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation.

**"Subordination"** means, with respect to an obligation (the **"Second Obligation"**) and another obligation of the Reference Entity to which such obligation is being compared (the **"First Obligation"**) a contractual, trust or similar arrangement providing that (a) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (b) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation.

**"Substitute Reference Obligation"** means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace

the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with sub-paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; provided that the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.
- (b) If any of the events set forth under sub-paragraphs (a) or (c) of the definition of Substitution Event have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and sub-paragraph (c)(ii) below. If the event set forth in sub-paragraph (b) of the definition of Substitution Event has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under sub-paragraphs (a) or (c) of the definition of Substitution Event occur with respect to such Non-Standard Reference Obligation.
- (c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
  - (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);
  - (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
  - (iii) (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date: (1) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of Deliverable Obligation; or if no such obligation is available, (2) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of Deliverable Obligation; (B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date: (1) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available, (2) is a Deliverable Obligation (other than a Loan) determined

in accordance with sub-paragraph (a) of the definition of Deliverable Obligation; or if no such obligation is available, (3) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available, (4) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of Deliverable Obligation; or (C) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date: (1) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available, (2) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available, (3) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) Deliverable Obligation; or if no such obligation is available, (4) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) Deliverable Obligation.

- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in sub-paragraph (c) above, the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer under the Notes, as determined by the Calculation Agent. The Calculation Agent will notify the parties of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with sub-paragraph (c) above and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation immediately upon such notification.
- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation, then, subject to sub-paragraph (a) above and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with sub-paragraph (b) above, the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.

**"Substitution Date"** means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent notifies the Issuer of the Substitute Reference Obligation that it has identified.

**"Substitution Event"** means, with respect to the Non-Standard Reference Obligation:

- (a) the Non-Standard Reference Obligation is redeemed in whole;
- (b) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or

- (c) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event.

If an event described in sub-paragraphs (a) or (b) above has occurred on or prior to the Issue Date, then a Substitution Event shall be deemed to have occurred pursuant to sub-paragraphs (a) or (b) above, as the case may be, on the Trade Date.

**"Substitution Event Date"** means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

**"succeed"** means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the **"Exchange Bonds or Loans"**) that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For such purposes and the definition of **"Successor"**, the terms **"succeeded"** and **"succession"** shall be construed accordingly.

In the case of an exchange offer, the determination required pursuant to the definition of Successor shall be made on the basis of the outstanding principal balance of Relevant Obligations and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.

**"Succession Date"** means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination for the purposes of the definition of "Successor" would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of a Credit Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

**"Succession Event"** means the succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to the Reference Entity can be determined in accordance with these Credit Linked Conditions.

**"Successor"** means:

- (a) means the entity or entities, if any, determined by the Calculation Agent as follows:

- (i) subject to sub-paragraph (vii) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor for (a) if the Notes are not Linear Basket Credit Linked Notes, the entire principal amount of the Notes then outstanding or (b) if the Notes are Linear Basket Credit Linked Notes, the entire Related Nominal Amount of that original Reference Entity then outstanding;
- (ii) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor for (a) if the Notes are not Linear Basket Credit Linked Notes, the entire principal amount of the Notes then outstanding or (b) if the Notes are Linear Basket Credit Linked Notes, the entire Related Nominal Amount of that original Reference Entity then outstanding;
- (iii) if more than one entity each succeeds, either directly or as a provider of a Relevant Guarantee to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor in respect of (a) if the Notes are not Linear Basket Credit Linked Notes, a portion of the principal amount of the Notes then outstanding or (b) if the Notes are Linear Basket Credit Linked Notes, a portion of the Related Nominal Amount of the original Reference Entity then outstanding, in each case subject to and in accordance with Credit Linked Condition 10 (*Succession Event*);
- (iv) if one or more entities each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor in respect of (a) if the Notes are not Linear Basket Credit Linked Notes, a portion of the principal amount of the Notes then outstanding or (b) if the Notes are Linear Basket Credit Linked Notes, a portion of the Related Nominal Amount of the original Reference Entity then outstanding, in each case subject to and in accordance with Credit Linked Condition 10 (*Succession Event*);
- (v) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the

Reference Entity for the purposes of the Credit Linked Conditions will not be changed in any way as a result of the Succession Event;

- (vi) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (**provided that** if two or more entities succeed to an equal percentage of Relevant Obligations each such entity will be a Successor); and
  - (vii) in respect of a Reference Entity which is not a Sovereign, if one entity as determined by the Calculation Agent assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the "**Universal Successor**") will be the sole Successor.
- (b) An entity may only be a Successor if:
- (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after 1 January 2014;
  - (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
  - (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.

**"Successor Backstop Date"** means for purposes of any Successor determination determined by DC Resolution, the date that is 90 calendar days prior to the Successor Resolution Request Date otherwise, the date that is 90 calendar days prior to the earlier of (a) the date on which the Successor Notice is effective and (b) in circumstances where (i) a Successor Resolution Request Date has occurred, (ii) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (iii) the Successor Notice is delivered not more than fourteen calendar days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, the Successor Resolution Request Date. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Successor Notice"** means an irrevocable notice from the Calculation Agent to the Issuer that describes a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has

occurred and pursuant to which one or more Successors to the Reference Entity can be determined. A Successor Notice must contain a description in reasonable detail of the facts relevant to the determination to be for the purposes of the definition of "Successor".

**"Successor Resolution Request Date"** means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"Trade Date"** means for the purposes of these Credit Linked Conditions and in respect of any Notes, the date specified as such in paragraph 31 of the applicable Final Terms.

**"Tranche Note"** means a Basket Credit Linked Note for which the applicable Final Terms specify that the clause "Type of Credit Linked Notes" is stated as being "*Tranche Notes*".

**"Tranche Notional Amount"** means in respect of Tranche Notes, the Aggregate Nominal Amount of the Notes.

**"Tranche Reference Price"** means the percentage specified in the applicable Final Terms (or, if not specified, 100%)

**"Tranche Subordination Amount"** means, with respect to Tranche Notes, the Reference Portfolio Notional Amount multiplied by the Attachment Point.

**"Transaction Auction Settlement Terms"** means the Credit Derivatives Auction Settlement Terms for which the relevant Notional Credit Derivative Transaction would be an Auction Covered Transaction.

**"Transaction Type"** means, unless otherwise specified in the Final Terms, for the purposes of the application of the Physical Settlement Matrix to the Notes, each Reference Entity designated as one of the following in the Final Terms:

- (a) North American Corporate;
- (b) European Corporate;
- (c) Australian Corporate;
- (d) New Zealand Corporate;
- (e) Japan Corporate;
- (f) Singapore Corporate;
- (g) Asia Corporate;
- (h) Subordinated European Insurance Corporate;
- (i) Emerging European Corporate;



- (j) Latin American Corporate (B);
- (k) Latin American Corporate (B&L);
- (l) Asia Sovereign;
- (m) Emerging European & Middle Eastern Sovereign;
- (n) Japan Sovereign;
- (o) Australia Sovereign;
- (p) New Zealand Sovereign;
- (q) Singapore Sovereign;
- (r) America Sovereign;
- (s) Western European Sovereign;

and any other Transaction Type which may be added to the Physical Settlement Matrix from time to time.

**"Transaction Type Standard Terms"** means, unless otherwise specified in the Final Terms, in respect of any Transaction Type specified in the Final Terms as a Reference Entity, the relevant terms corresponding to such Transaction Type contained in the Physical Settlement Matrix.

**"Transferable"** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
- (c) restrictions in respect of blocked periods on or around payment dates or voting periods.

**"Uncured Default"** means a Potential Failure to Pay has occurred and neither a Credit Event as a result of a Failure to Pay nor a Default Correction Date has occurred.

**"Undeliverable Loan Obligations"** **"Undeliverable Obligations"** and **"Undeliverable Participations"** shall each have the meaning specified in Credit Linked Condition 5(f)(ii).

**"Underlying Obligation"** means, with respect to a guarantee, the obligation which is the subject to the guarantee.

**"Underlying Obligor"** means, with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

**"Valuation Date"** means:

- (a) if "Single Valuation Date" is specified in the applicable Final Terms, subject to Credit Linked Condition 7 (*Suspension Terms*), the date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the Credit Event Determination Date (or if the Credit Event Determination Date occurs pursuant to sub-paragraph (a)(ii) of the definition of "Credit Event Determination Date" or sub-paragraph (b)(i) of the definition of Non-Standard Event Determination Date, the day on which the DC Credit Event Announcement occurs) (or, if "Cash Settlement" is applicable pursuant to the Fallback Settlement Basis in accordance with Credit Linked Condition 6 (*Auction Settlement*), the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and
- (b) if "Multiple Valuation Dates" is specified in the applicable Final Terms, each of the following dates:
  - (i) subject to Credit Linked Condition 7 (*Suspension Terms*), the date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the Credit Event Determination Date (or if the Credit Event Determination Date occurs pursuant to sub-paragraph (a)(ii) of the definition of "Credit Event Determination Date" or sub-paragraph (b)(i) of the definition of Non-Standard Event Determination Date, the day on which the DC Credit Event Announcement occurs) (or, if "Cash Settlement" is applicable pursuant to the Fallback Settlement Basis in accordance with Credit Linked Condition 6 (*Auction Settlement*), the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the relevant Auction Cancellation Date, if any, or No Auction Announcement Date, if any, as applicable); and
  - (ii) each successive date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the Reference Obligation with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither "Single Valuation Date" nor "Multiple Valuation Dates" is specified in the in the applicable Final Terms, Single Valuation Date shall apply.

**"Valuation Method"** means, subject to Credit Linked Condition 4(c), Market, Average Market, Highest or Average Highest, as specified in the applicable Final Terms.

**"Valuation Time"** means such time as is specified in the applicable Final Terms.

**"Voting Shares"** means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Weighted Average Quotation"** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of any Deliverable Obligation with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

#### 16. **AUTOMATIC EARLY REDEMPTION**

For the purposes of the Notes, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

**"(o) Automatic Early Redemption:**

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date (specified in the applicable Final Terms) immediately following such Automatic Early Redemption Valuation Date or Observation Period (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period, the Automatic Early Redemption Date shall be the date that is five Business Days following the occurrence of such Automatic Early Redemption Event), and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount."

#### 17. **SPECIFIC PROVISIONS RELATING TO INTEREST RATE(S)**

Notwithstanding anything to the contrary contained in the General Terms for Credit Linked Notes, if the applicable Final Terms specify New Rate of Interest as applicable:

- (a) if no Credit Event has occurred or if Credit Events have occurred in respect of up to the Protected Defaulted Reference Entities (which will be specified in the applicable Final Terms), then the Interest Rate shall be applied;
- (b) upon the occurrence of a Credit Event in respect of more than the Protected Defaulted Reference Entities (the "**Relevant Defaulted Reference Entities**") and each subsequent Relevant Defaulted Reference Entities, then the Interest

Rate shall, for each Defaulted Credit, be reduced and the New Rate of Interest will apply.

**18. SPECIFIC PROVISIONS RELATING TO SETTLEMENT BASIS**

Notwithstanding anything to the contrary contained in the General Terms for Credit Linked Notes:

- (a) if no Credit Event has occurred or if Credit Events have occurred in respect of up to the Protected Defaulted Reference Entities (which will be specified in the applicable Final Terms), the principal amount of the Notes shall not be redeemed neither in whole nor in part;
- (b) upon the occurrence of a Credit Event in respect of the Relevant Defaulted Reference Entities then the Issuer shall redeem, for each Relevant Defaulted Reference Entity - a portion of the principal amount of the Notes equal to the Applicable Redemption Proportion without making any payment and/or delivery in favor to the Noteholders. For the avoidance of doubt, no Cash Settlement Amount, Deliverable Obligation or Cash Auction Settlement Amount as provided by General Terms for Credit Linked Notes, shall be due by the Issuer to the Noteholders upon the occurrence of a Credit Event.

## CHAPTER 7 – INFLATION LINKED NOTES

### TERMS AND CONDITIONS OF INFLATION LINKED NOTES

The following terms and conditions apply to Inflation Linked Notes issued by the Issuer and comprise the Terms and Conditions of the Notes set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out below (the "**Inflation Linked Conditions**"), any of the specific terms and conditions set out in Chapters 3, 4, 5, 8, 9, 10, 11 and 12 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Inflation Linked Conditions set out below, the Inflation Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Inflation Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. **FINAL REDEMPTION**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the relevant Final Terms not having occurred prior to the Maturity Date or any other applicable date specified in the Final Terms, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

"**Final Valuation Date**" means:

- (a) if Averaging is not specified as being applicable in the Final Terms, the Expiration Date; or
- (b) if Averaging is specified as being applicable in the Final Terms, each of the Averaging Dates.

"**Initial Valuation Date**" means the Strike Date.

"**Settlement Price**" means the Final Index Level.

#### 2. **INTEREST**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the relevant Final Terms not having occurred prior to the Maturity Date or any other applicable date specified in the Final Terms, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

"**Final Interest Reference Level**" means the Index Level reported for the Final Index Level Month specified in the Final Terms;

**"Final Interest Valuation Date"** means:

- (a) if Averaging is not specified as being applicable in the Final Terms, the Final Interest Valuation Date specified in the Final Terms; or
- (b) if Averaging is specified as being applicable in the Final Terms, each of the Interest Averaging Dates;

**"Initial Interest Reference Level"** means the Index Level reported for the Initial Index Level Month specified in the Final Terms.

### 3. **DEFINITIONS**

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

**"Averaging Date(s)"** means, if Averaging Dates is specified as applicable in the relevant Final Terms, each of the dates specified as such in the relevant Final Terms, subject to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms.

**"AUD – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Index of Consumer Prices for Weighted Average of Eight Capital Cities: All – Groups Index before Seasonal Adjustment", or relevant Successor Index, measuring the rate of inflation in Australia, expressed as an index and published by the relevant Index Sponsor.

**"AUS – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index (2005)", or relevant Successor Index, measuring the rate of inflation in Austria, expressed as an index and published by the relevant Index Sponsor.

**"AUS – Non-revised Harmonised Indices of Consumer Prices (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices (2005)", or relevant Successor Index, measuring the rate of inflation in Austria, expressed as an index and published by the relevant Index Sponsor.

**"Base Level"** means the Index Level (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the Reference Month for which the Substitute Index Level is being determined.

**"BLG – Non-revised Consumer Price Index—General Index (CPI)"** means the "Non-revised Consumer Price Index—General Index", or relevant Successor Index, measuring the rate of inflation in Belgium, expressed as an index and published by the relevant Index Sponsor.

**"BLG – Non-revised Consumer Price Index—Health Index (CPI)"** means the "Non-revised Consumer Price Index—Health Index", or relevant Successor Index, measuring the rate of inflation in Belgium, expressed as an index and published by the relevant Index Sponsor.

**"BLG – Non-revised Harmonised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index,

measuring the rate of inflation in Belgium, expressed as an index and published by the relevant Index Sponsor.

**"BRL – Non-revised Consumer Price Index (IPCA)"** means the "Non-revised Extensive National Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Brazil, expressed as an index and published by the relevant Index Sponsor.

**"BRL – Non-revised Price Index (IGP-M)"** means the "IGP-M General Price Index", or relevant Successor Index, measuring the rate of inflation in Brazil, expressed as an index and published by the relevant Index Sponsor.

**"CAD – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Canada, expressed as an index and published by the relevant Index Sponsor.

**"Change in Law"** means that, on or after the earlier of the Strike Date and Issue Date, as applicable, (or as otherwise set forth in the relevant Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that it will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"CLP – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Chile, expressed as an index and published by the relevant Index Sponsor.

**"CNY – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in China, expressed as an index and published by the relevant Index Sponsor.

**"Cut-Off Date"** means, in respect of a Determination Date, the number of Business Days specified in the relevant Final Terms prior to such Determination Date.

**"CZK – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Price Index", or relevant Successor Index, measuring the rate of inflation in the Czech Republic, expressed as an index and published by the relevant Index Sponsor.

**"Delayed Index Level Event"** means, in respect of any Determination Date, that the Index Sponsor fails to publish or announce the level of the Index (the "Relevant Level") in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time prior to the Cut-Off Date.

**"DEM – Non-revised Consumer Price Index (CPI)"** means the "Non-revised All Items Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Germany, expressed as an index and published by the relevant Index Sponsor.

**"DEM – Non-revised Consumer Price Index for North Rhine-Westphalia"** means the "Non-revised Index of Consumer Prices for North Rhine-Westphalia", or relevant Successor Index, measuring the rate of inflation in North Rhine-Westphalia, Germany, expressed as an index and published by the relevant Index Sponsor.

**"DEM – Non-revised Harmonised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Germany, expressed as an index and published by the relevant Index Sponsor.

**"Determination Date"** means the Strike Date, the Expiration Date, any Averaging Date, any Interest Averaging Date, any Observation Date, the Maturity Date or any other date designated in the relevant Final Terms.

**"DKK – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Denmark, expressed as an index and published by the relevant Index Sponsor.

**"DKK – Harmonised-Non-revised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Denmark, expressed as an index and published by the relevant Index Sponsor.

**"ESP – Harmonised-Non-revised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices including Tobacco", or relevant Successor Index, measuring the rate of inflation in Spain expressed as an index and published by the relevant Index Sponsor.

**"ESP – Harmonised-Revised Consumer Price Index (HICP)"** means the "Harmonised Index of Consumer Prices including Tobacco", or relevant Successor Index, measuring the rate of inflation in Spain expressed as an index and published by the relevant Index Sponsor.

**"ESP – National-Non-revised Consumer Price Index (CPI)"** means the "Non-revised Index of Consumer Prices including Tobacco", or relevant Successor Index, measuring the rate of inflation in Spain expressed as an index and published by the relevant Index Sponsor.

**"ESP – National-Revised Consumer Price Index (CPI)"** means the "Year on Year Revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Spain, expressed as an annual percentage and published by the relevant Index Sponsor.

**"EUR – All Items-Non-revised Consumer Price Index"** means the "Non-revised Harmonised Index of Consumer Prices All Items", or relevant Successor Index, measuring the rate of inflation in the European Monetary Union expressed as an index and published by the relevant Index Sponsor.

**"EUR – All Items-Revised Consumer Price Index"** means the "Revised Harmonised Index of Consumer Prices All Items", or relevant Successor Index, measuring the rate



of inflation in the European Monetary Union expressed as an index and published by the relevant Index Sponsor.

**"EUR – Excluding Tobacco-Non-revised Consumer Price Index"** means the "Non-revised Index of Consumer Prices excluding Tobacco", or relevant Successor Index, measuring the rate of inflation in the European Monetary Union excluding tobacco, expressed as an index and published by the relevant Index Sponsor.

**"Expiration Date"** means the date specified as such in the relevant Final Terms, subject to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms.

**"Fallback Bond"** means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the Index, with a maturity date which falls on (a) the same day as the Maturity Date, (b) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date, or (c) the next shortest maturity before the Maturity Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflationlinked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**"FIN – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Finland, expressed as an index and published by the relevant Index Sponsor.

**"FIN – Harmonised-Non-revised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Finland, expressed as an index and published by the relevant Index Sponsor.

**"Final Index Level"** means the Index Level at the Valuation Time, as calculated and published by the Index Sponsor on (A) if Averaging is not specified as being applicable in the Final Terms, the Expiration Date or (B) if Averaging is specified as being applicable in the Final Terms, on an Averaging Date or Interest Averaging Date, as the case may be, in each case as determined by the Calculation Agent.

**"Final Index Level Month"** means the period specified as such in the relevant Final Terms.

**"FRC – Excluding Tobacco-Non-Revised Consumer Price Index"** means the "Non-revised Index of Consumer Prices excluding Tobacco", or relevant Successor Index,

measuring the rate of inflation in France excluding tobacco expressed as an index and published by the relevant Index Sponsor.

**"FRC – Harmonised-Non-revised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in France, expressed as an index and published by the relevant Index Sponsor.

**"GBP – Non-revised Retail Price Index (UKRPI)"** means the "Non-revised Retail Price Index All Items in the United Kingdom", or relevant Successor Index, measuring the all items rate of inflation in the United Kingdom expressed as an index and published by the relevant Index Sponsor.

**"GBP – Harmonised-Non-revised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in the United Kingdom, expressed as an index and published by the relevant Index Sponsor.

**"GBP – Non-revised Retail Price Index Excluding Mortgage Interest Payments (UKRPIX)"** means the "Non-revised Retail Price Index Excluding Mortgage Interest Payments in the United Kingdom", or relevant Successor Index, measuring the all items rate of inflation in the United Kingdom expressed as an index and published by the relevant Index Sponsor.

**"GRD – Harmonised-Non-revised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Greece expressed as an index and published by the relevant Index Sponsor.

**"GRD – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Greece expressed as an index and published by the relevant Index Sponsor.

**"HKD – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Hong Kong, expressed as an index and published by the relevant Index Sponsor.

**"HUF – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Hungary, expressed as an index and published by the relevant Index Sponsor.

**"IDR – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Indonesia, expressed as an index and published by the relevant Index Sponsor.

**"ILS – Non-revised Consumer Price Index (CPI)"** means the "Consumer Price Index-General", or relevant Successor Index, measuring the rate of inflation in Israel, expressed as an index and published by the relevant Index Sponsor.

**"Index"** means the index specified in the relevant Final Terms, or any Successor Index.

**"Index Cancellation"** means a level for the Index has not been published or announced for the number of consecutive months specified in the Final Terms and/or the Index Sponsor cancels the Index and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and no Successor Index exists.

**"Index Level"** means the level of the Index or any Substitute Index Level, as determined by the Calculation Agent.

**"Index Modification"** means the Index Sponsor announces that it will make (in the opinion of the Issuer) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index.

**"Index Sponsor"** means either (x) the index sponsor specified in the Final Terms or such other corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index failing whom such person acceptable to the Calculation Agent who calculates and announces the Index or any agent or person acting on behalf of such person or (y) if no such index sponsor is specified in the Final Terms, then the corporation or entity as determined by the Calculation Agent that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index failing whom such person acceptable to the Calculation Agent who calculates and announces the Index or any agent or person acting on behalf of such person.

**"Initial Index Level Month"** means the period specified as such in the relevant Final Terms.

**"Interest Averaging Date(s)"** means, if Interest Averaging Dates is specified as applicable in the relevant Final Terms, each of the dates specified as such in the relevant Final Terms, subject to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms.

**"IRL – Non-revised Consumer Price Index (CPI)"** means the "Consumer Price Index-All Items", or relevant Successor Index, measuring the rate of inflation in Ireland, expressed as an index and published by the relevant Index Sponsor.

**"IRL – Harmonised-Non-revised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices—All Items", or relevant Successor Index, measuring the rate of inflation in Ireland, expressed as an index and published by the relevant Index Sponsor.

**"ISK – Harmonised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Iceland, expressed as an index and published by the relevant Index Sponsor.

**"ISK – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Iceland, expressed as an index and published by the relevant Index Sponsor.

**"ITL – Inflation for Blue Collar Workers and Employees-Excluding Tobacco Consumer Price Index"** means the "*Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI) senza tabacchi*", or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor.

**"ITL – Inflation for Blue Collar Workers and Employees-Including Tobacco Consumer Price Index"** means the "*Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI) con tabacchi*", or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor.

**"ITL – Non-revised Harmonised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Italy, expressed as an index and published by the relevant Index Sponsor.

**"ITL – Whole Community – Excluding Tobacco Consumer Price Index"** means the "*Indice nazionale dei prezzi al consumo per l'intera collettività (NIC) senza tabacchi*" or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor.

**"ITL – Whole Community – Including Tobacco Consumer Price Index"** means the "*Indice nazionale dei prezzi al consumo per l'intera collettività (NIC) con tabacchi*", or relevant Successor Index, measuring the rate of inflation in Italy expressed as an index and published by the relevant Index Sponsor.

**"JPY – Non-revised Consumer Price Index Nationwide General Excluding Fresh Food (CPI)"** means the "Non-revised Consumer Price Index Nationwide General Excluding Fresh Food", or relevant Successor Index, measuring the rate of inflation excluding fresh food in Japan, expressed as an index and published by the relevant Index Sponsor.

**"KRW – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in South Korea, expressed as an index and published by the relevant Index Sponsor.

**"Latest Level"** means the latest Index Level (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the Reference Month in respect of which the Substitute Index Level is being determined.

**"LUX – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Luxembourg, expressed as an index and published by the relevant Index Sponsor.

**"LUX – Harmonised-Non-revised Consumer Price Index (HICP)"** means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Luxembourg, expressed as an index and published by the relevant Index Sponsor.

**"MXN – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Mexico, expressed as an index and published by the relevant Index Sponsor.

"**MXN – Unidad de Inversion Index (UDI)**" means the "Unidad de Inversion Index", or relevant Successor Index, reporting the daily peso value of an Unidad de Inversion (an "UDI"), expressed as an index and published by the relevant Index Sponsor.

"**MYR – Non-revised Consumer Price Index (CPI)**" means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Malaysia, expressed as an index and published by the relevant Index Sponsor.

"**NLG – Non-revised Consumer Price Index (CPI)**" means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in the Netherlands, expressed as an index and published by the relevant Index Sponsor.

"**NLG – Harmonised-Non-revised Consumer Price Index (HICP)**" means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in the Netherlands, expressed as an index and published by the relevant Index Sponsor.

"**NOK – Non-revised Consumer Price Index (CPI)**" means the "Non-revised Consumer Price Index—All Items", or relevant Successor Index, measuring the rate of inflation in Norway, expressed as an index and published by the relevant Index Sponsor.

"**NZD – Non-revised Consumer Price Index (CPI)**" means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in New Zealand, expressed as an index and published by the relevant Index Sponsor.

"**Observation Date**" means, if specified as applicable in the relevant Final Terms, each date, if any, set forth in the relevant Final Terms, subject to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms.

"**Observation Period**" means the period specified as such in the relevant Final Terms.

"**PER – Non-revised Consumer Price Index (CPI)**" means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Peru, expressed as an index and published by the relevant Index Sponsor.

"**PLN – Non-revised Consumer Price Index (CPI)**" means the "Non-revised Price Indices of Consumer Goods and Services", or relevant Successor Index, measuring the rate of inflation in Poland, expressed as an index and published by the relevant Index Sponsor.

"**POR – Non-revised Consumer Price Index (CPI)**" means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Portugal, expressed as an index and published by the relevant Index Sponsor.

"**POR – Harmonised-Non-revised Consumer Price Index (HICP)**" means the "Non-revised Harmonised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Portugal, expressed as an index and published by the relevant Index Sponsor.

"**Rebased Index**" has the meaning given to it in Base Condition 4(l)(v) of the Base Conditions.

**"Reference Level"** means the Index Level (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the Reference Month that is 12 calendar months prior to the Reference Month in respect of the Latest Level.

**"Reference Month"** means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Index Level was reported is a period other than a month, the Reference Month shall be the period for which the Index Level was reported.

**"Related Bond"** means, if specified as applicable in the relevant Final Terms, means the bond specified as such in the relevant Final Terms or, if specified as applicable in the relevant Final Terms and no bond is specified therein, the Fallback Bond.

**"Related Bond Redemption Event"** means, if specified as applicable in the relevant Final Terms, at any time prior to the Maturity Date, (i) the Related Bond is redeemed, repurchased or cancelled, (ii) the Related Bond becomes repayable prior to its stated date of maturity for whatever reason, or (iii) the issuer of the Related Bond announces that the Related Bond will be redeemed, repurchased or cancelled prior to its stated date of maturity.

**"Relevant Level"** has the meaning given to it in the definition of Delayed Index Level Event.

**"RUB – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Russia, expressed as an index and published by the relevant Index Sponsor.

**"SEK – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in Sweden, expressed as an index and published by the relevant Index Sponsor.

**"SGD – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Singapore, expressed as an index and published by the relevant Index Sponsor.

**"Strike Date"** means the date (if any) specified as such in the Final Terms, subject to Base Condition 4(i) of the Base Conditions.

**"Substitute Index Level"** means, in respect of a Delayed Index Level Event, the index level determined by the Issuer in accordance with Base Condition 4(i) of the Base Conditions.

**"Successor Index"** has the meaning given to it in Base Condition 4(i) of the Base Conditions.

**"SWF – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Switzerland, expressed as an index and published by the relevant Index Sponsor.

**"TRY – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Turkey, expressed as an index and published by the relevant Index Sponsor.

**"TWD – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Consumer Price Index", or relevant Successor Index, measuring the rate of inflation in Taiwan, expressed as an index and published by the relevant Index Sponsor.

**"USA – Non-revised Consumer Price Index – Urban (CPI-U)"** means the "Non-revised index of Consumer Prices for All Urban Consumers (CPI-U) before seasonal adjustment", or relevant Successor Index, measuring the rate of inflation in the United States expressed as an index and published by the relevant Index Sponsor.

**"ZAR – Non-revised Consumer Price Index (CPI)"** means the "Non-revised Index of Consumer Prices", or relevant Successor Index, measuring the rate of inflation in South Africa, expressed as an index and published by the relevant Index Sponsor.

**"ZAR – Non-revised Consumer Price Index Excluding Mortgages (CPIX)"** means the "Non-revised Index of Consumer Prices excluding Mortgage", or relevant Successor Index, measuring the rate of inflation excluding mortgages in South Africa, expressed as an index and published by the relevant Index Sponsor.

Any other Index used to measure the inflation shall be defined in the applicable Final Terms.

#### 4. **DELAY IN PUBLICATION**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

**"(i) Delay in Publication**

If the Calculation Agent determines that a Delayed Index Level Event has occurred with respect to any Determination Date, then the Index Level with respect to any Reference Month which is to be utilised in any calculation or determination to be made by the Calculation Agent and/or the Issuer with respect to such Determination Date (the "**Substitute Index Level**") shall be determined by the Calculation Agent (subject to Base Condition 4(k)(ii) of the Base Conditions) as follows:

- (i) if Related Bond is specified as applicable in the relevant Final Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the Related Bond; or
- (ii) if (I) Related Bond is specified as not applicable in the relevant Final Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under (i) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

$$\textit{Substitute Index Level} = \textit{Base Level} \times (\textit{Latest Level/Reference Level}).$$

The Issuer shall promptly give notice to the holders of the Notes in accordance with Base Condition 12 of the Base Conditions of any Substitute Index Level."

## 5. SUCCESSOR INDEX

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

### "(j) Successor Index

If the Calculation Agent determines that the level of an Index is not calculated and announced by the Index Sponsor for two consecutive months and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and/or the Index Sponsor cancels the Index then the Calculation Agent shall determine a successor index (a "**Successor Index**") (in lieu of any previously applicable Index) for the purposes of the Notes as follows:

- (i) if the Index Sponsor announces that it will no longer publish or announce the Index but that it will be superseded by a replacement Index specified by the Index Sponsor, and the Calculation Agent determines that such replacement Index is calculated using the same or a substantially similar formula or method of calculation as used in the calculation of the Index, such replacement index shall be designated a "Successor Index";
- (ii) if (i) above does not apply and if Related Bond is specified as applicable in the Final Terms, the successor index (if any) designated pursuant to the terms and conditions of the Related Bond and such successor index shall be designated a "Successor Index"; or
- (iii) if (i) above does apply and if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent shall determine an appropriate alternative index and such index will be deemed a "Successor Index"; or
- (iv) if the Calculation Agent determines that neither (i), (ii) nor (iii) above apply, there will be deemed to be no Successor Index and an Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Index shall be deemed to replace the Index for the purposes of the Notes. Notice of the determination of a Successor Index, the effective date of the Successor Index or the occurrence of an Index Cancellation will be given to holders of the Notes by the Issuer in accordance with Base Condition 12 of the Base Conditions."

## 6. ADJUSTMENTS

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

### "(o) Adjustments and Currency



(i) *Successor Index*

If a Successor Index is determined in accordance with Base Condition 4(i) of the Base Conditions, the Issuer may make any adjustment or adjustments (without limitation) to the final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as the Calculation Agent deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(ii) *Substitute Index Level*

If the Calculation Agent determines a Substitute Index Level in accordance with Base Condition 4(j) of the Base Conditions, the Issuer may make any adjustment or adjustments (without limitation) to (I) the Substitute Index Level determined in accordance with Base Condition 4(i) of the Base Conditions and/or (II) the Final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes, in each case, as the Calculation Agent deems necessary.

The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(iii) *Index Level Adjustment Correction*

(I) The first publication or announcement of the Index Level (disregarding estimates) by the Index Sponsor for any Reference Month shall be final and conclusive and, subject to Base Condition 4(k)(iii)(II) of the Base Conditions, later revisions to the level for such Reference Month will not be used in any calculations, save that in respect of the EUR-All Items-Revised Consumer Price Index, the ESP-National- Revised Consumer Price Index (CPI) and the ESP-Harmonised-Revised Consumer Price Index HCPI, revisions to the Index Level which are published or announced up to and including the day that is two Business Days prior to any relevant Determination Date will be valid and the revised Index Level for the relevant Reference Month will be deemed to be the final and conclusive Index Level for such Reference Month. The Issuer shall give notice to the holders of the Notes of any valid revision in accordance with Base Condition 12 of the Base Conditions.

(II) If, within thirty days of publication or at any time prior to a Determination Date in respect of which an Index Level will be used in any calculation or determination in respect of such Determination Date, the Calculation Agent determines that the Index Sponsor has corrected the Index Level to correct an error which the Calculation Agent determines is material, the Issuer may make any adjustment to the Final Redemption Amount, interest payable under the Notes (if any) and/or any other

relevant term of the Notes as the Calculation Agent deems appropriate as a result of such correction and/or determine the amount (if any) that is payable as a result of that correction. The Issuer shall give notice to the holders of the Notes of any such adjustment and/or amount in accordance with Base Condition 12 of the Base Conditions.

- (III) If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of a Determination Date in respect of which a Substitute Index Level was determined, the Calculation Agent may either (A) determine that such Relevant Level shall not be used in any calculation or determination under the Notes and that the Substitute Index Level shall be deemed to be the definitive Index Level for the relevant Reference Month, or (B) request the Issuer to make any adjustment to the Final Redemption Amount, interest payable under the Notes (if any) and/or any other relevant term of the Notes as it deems appropriate as a result of the announcement or publication of the Relevant Level and/or determine the amount (if any) that is payable as a result of such publication or announcement. The Issuer shall give notice to the holders of the Notes of any determination in respect of (A) or (B), together with any adjustment or amount in respect thereof, in accordance with Base Condition 12 of the Base Conditions.

(iv) *Currency*

If the Calculation Agent determines that any event occurs affecting the Relevant Currency (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price and/or any other relevant term of the Notes as the Calculation Agent deems necessary.

The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(v) *Rebasing*

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the Index Level from the date of such rebasing; provided, however, that the Issuer may make (A) if Related Bond is specified as applicable in the relevant Final Terms, any adjustments as are made pursuant to the terms and conditions of the Related Bond, if any, to the past levels of the Rebased Index so that the Rebased Index levels prior to the date of rebasing reflect the same rate

of inflation as before the rebasing, and/or (B) if Related Bond is specified as not applicable in the relevant Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent may make such adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased, and in each case the Issuer may make any adjustment(s) to the Final Redemption Amount, interest payable under the Notes (if any) and/or any other term of the Notes as the Calculation Agent may deem necessary. If the Calculation Agent determines that neither (A) nor (B) above would produce a commercially reasonable result, the Issuer may redeem each Note on a date notified by the Issuer to Noteholders in accordance with Base Condition 12 of the Base Conditions at its fair market value as determined by the Calculation Agent (unless otherwise provided in the relevant Final Terms) as at the date of redemption taking into account the rebasing, less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any financial instruments or transactions entered into by the Issuer in connection with the Note, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such financial instruments or transactions. Notice of any adjustment, redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(vi) *Index Modification*

- (I) If, on or prior to the Cut-Off Date in respect of any Determination Date, the Calculation Agent determines that an Index Modification has occurred the Issuer may (A) if Related Bond is specified as applicable in the relevant Final Terms, make any adjustments to the Index, any Index Level and/or any other relevant term of the Notes (including, without limitation, the Final Redemption Amount and/or interest payable under the Notes (if any)), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (B) if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, make only those adjustments to the Index, any Index Level and/or any other term of the Notes (including, without limitation, the Final Redemption Amount and/or interest payable under the Notes (if any)), as the Calculation Agent deems necessary for the modified Index to continue as the Index and to account for the economic effect of the Index Modification.
- (II) If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Determination Date, the Issuer may determine either to ignore such Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Determination Date, in which case the relevant

Index Modification will be deemed to have occurred with respect to the immediately succeeding Determination Date such that the provisions of (I) above will apply, or, notwithstanding that the Index Modification has occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with (I) above.

(vii) *Change in Law*

If the Calculation Agent determines that a Change in Law has occurred, the Issuer may redeem each Note on the date notified by the Issuer to Noteholders in accordance with Base Condition 12 of the Base Conditions at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Change in Law, less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any financial instruments or transactions entered into by the Issuer in connection with the Note, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such financial instruments or transactions. Notice of any redemption of the Notes shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(viii) *Index Cancellation*

If the Calculation Agent determines that an Index Cancellation has occurred, the Issuer may redeem each Note on the date notified by the Issuer to Noteholders in accordance with Base Condition 12 of the Base Conditions at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Index Cancellation, less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any financial instruments or transactions entered into by the Issuer in connection with the Note, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such financial instruments or transactions. Notice of any redemption of the Notes pursuant to this paragraph shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions."

7. **INDEX DISCLAIMER**

The Notes are not sponsored, endorsed, sold or promoted by the Index or the Index Sponsor and the Index Sponsor has made no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. The Index Sponsor has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the Issuer nor the Calculation Agent shall have any liability to any person for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index.

Neither the Issuer nor the Calculation Agent has any affiliation with or control over the Index or the Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Issuer and the Calculation Agent will obtain information concerning the Index from publicly available sources they believe to be reliable, they will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

**8. RELATED BOND DISCLAIMER**

The Notes are not sponsored, endorsed, sold or promoted by the issuer of the Related Bond and the issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the performance of the Related Bond and/or any amendments, adjustments or modifications to the terms and conditions of the Related Bond, and/or as to the results to be obtained from the use of any value or index level determined or derived with respect to the Related Bond or otherwise. The issuer of the Related Bond shall not be liable (whether in negligence or otherwise) to any person for any error in the index level or any value determined or derived with respect to the Related Bond and such issuer is under no obligation to advise any person of any error with respect thereto. The issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the issuer of the Related Bond nor any calculation agent in respect thereof shall have any liability to any person for any act or failure to act in connection with the Related Bond.

## CHAPTER 8 – COMMODITY LINKED NOTES

### PART (A): TERMS AND CONDITIONS OF NOTES LINKED TO A SINGLE COMMODITY OR COMMODITY FUTURE

The following terms and conditions apply to Notes linked to a single commodity or commodity future issued by the Issuer and comprise the Terms and Conditions of the Notes set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out below (the "**Single Commodity Linked Conditions**"), any of the specific terms and conditions set out in Chapters 3, 4, 5, 7, 9, 10, 11 and 12 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Single Commodity Linked Conditions, the Single Commodity Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Single Commodity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. FINAL REDEMPTION

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount payable per Note in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

"**Final Valuation Date**" means

- (A) if Averaging is not specified as being applicable in the Final Terms, the Pricing Date; or
- (B) if Averaging is specified as being applicable in the Final Terms, each of the Averaging Dates;

"**Initial Valuation Date**" means the Strike Date.

"**Settlement Price**" means the Commodity Reference Price.

#### 2. INTEREST

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the relevant Final Terms not having occurred prior to the Maturity Date or any other applicable date specified in the Final Terms, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

**"Final Interest Valuation Date"** means:

- (A) if Averaging is not specified as being applicable in the Final Terms, the Pricing Date; or
- (B) if Averaging is specified as being applicable in the Final Terms, each of the Interest Averaging Dates;

**"Interest Settlement Price"** means the Commodity Reference Price.

### 3. **DEFINITIONS**

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

**"Additional Disruption Event"** means a Change in Law, a Hedging Disruption and/or such other event (if any) specified in the Final Terms.

**"Affected Commodity"** has the meaning given to it in Base Condition 4(i) of the Base Conditions.

**"Aluminium"** means high-grade primary aluminium.

**"Aluminium – COMEX"** means that the price for a Calculation Date will be that day's Specified Price per pound of Aluminium on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by the COMEX on that Calculation Date.

**"Aluminium-LME Cash"** means that the price for a Calculation Date will be that day's Specified Price per tonne of Aluminium on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

**"Argus"** means the Argus Crude Report, or any successor publication, published by Argus Media Limited or its successor.

**"Automatic Early Redemption Amount"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate.

**"Automatic Early Redemption Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Automatic Early Redemption Event"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each event specified as such in the Final Terms.

**"Automatic Early Redemption Valuation Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Commodity Business Day or a Bullion Business Day in respect of the Specified Commodity, as applicable, the next following Commodity Business Day or a Bullion Business Day, as applicable, in respect of the Specified Commodity, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Averaging Dates"** means each of the dates set forth in the Final Terms, if any, or if any such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity the next following Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Bullion"** means Gold, Silver, Platinum or Palladium, as the case may be.

**"Bullion Business Day"** means, in respect of any Commodity Linked Notes for which the Specified Commodity is Bullion, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York and in the location where payment is to be made.

**"Bullion Reference Dealers"** means, with respect to any Bullion for which the relevant Commodity Reference Price is "Commodity Reference Dealers", the four major dealers that are the members of the LBMA specified in the Final Terms, or if no such Bullion Reference Dealers are specified, as selected by the Calculation Agent, in each case, acting through their principal London offices.

**"Calculation Agent Determination"** means that the Calculation Agent will determine the Commodity Reference Price (or a method for determining the Commodity Reference Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in good faith it deems relevant.

**"Calculation Date"** means the Strike Date, the Pricing Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or any Redemption Barrier Observation Date or any other date on which the Commodity Reference Price is required to be calculated, as the case may be.

**"Change in Law"** means that on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, the Commodity Futures Trading Commission or any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:



- (X) it has (or it expects that it will) become illegal for the Issuer, the Guarantor or any of its affiliates, to (i) to hold, acquire or dispose of the Commodity or to enter into transactions on or relating to the Commodity (including without limitation, futures contracts) or (ii) perform its obligations under the Notes; or
- (Y) the Issuer, the Guarantor or any of its affiliates would (or would expect to) incur a materially increased cost in (i) holding, acquiring or disposing of the Commodity, (ii) maintaining, entering into or unwinding any Hedging Arrangement, and/or (iii) performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"COMEX"** means the COMEX Divisions, or its successor, of the New York Mercantile Exchange, Inc., or its successor.

**"Commodity"** means the commodity specified in the relevant Commodity Reference Price, or otherwise the Specified Commodity.

**"Commodity Business Day"** means (a) in respect of the Specified Commodity (provided the Specified Commodity is not Bullion) if the Commodity Reference Price is a price announced or published by an Exchange, a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; and (b) in respect of the Specified Commodity (provided the Specified Commodity is not Bullion) if the Commodity Reference Price is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price.

**"Commodity Reference Dealers"** means that the price for a Calculation Date will be determined on the basis of quotations provided by Reference Dealers or Bullion Reference Dealers, as applicable, on that Calculation Date of that day's Specified Price for a unit of the relevant Commodity for delivery on the Delivery Date, if applicable. If four quotations are provided as requested, the price for that Calculation Date will be the arithmetic mean of the Specified Prices for that Commodity provided by each Reference Dealer or Bullion Reference Dealer, as applicable, without regard to the Specified Prices having the highest and lowest values. If exactly three quotations are provided as requested, the price for that Calculation Date will be the Specified Price provided by the relevant Reference Dealer or Bullion Reference Dealer that remains after disregarding the Specified Prices having the highest and lowest values.

For this purpose, if more than one quotation has the same highest value and lowest value, then the Specified Price of one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the price for the Calculation Date cannot be determined.

**"Commodity Reference Price"** means the reference price or spot price for the Specified Commodity specified in the Final Terms.

**"Copper"** means copper-grade A.

**"Copper-COMEX"** means that the price for a Calculation Date will be that day's Specified Price per pound of high grade copper on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by COMEX on that Calculation Date.

**"Copper-LME Cash"** means that the price for a Calculation Date will be that day's Specified Price per tonne of Copper on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

**"Delayed Publication or Announcement"** means, in respect of the Affected Commodity, that the Relevant Commodity Price for the relevant Calculation Date will be determined based on the Specified Price in respect of the original day scheduled as such Calculation Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day or Bullion Business Day, as applicable, on which the relevant Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Calculation Date) or the Relevant Commodity Price continues to be unavailable for two consecutive Commodity Business Days or Bullion Business Days, as applicable. In that case, the next Disruption Fallback specified in the Final Terms will apply. If, as a result of a delay pursuant to Delayed Publication or Announcement, a Relevant Commodity Price is unavailable to determine the Final Redemption Amount by the date falling two Business Days prior to the Scheduled Maturity Date, then the Maturity Date will be delayed by the same number of Commodity Business Days or Bullion Business Days, as the case may be, as was the determination of each Relevant Commodity Price provided that the Maturity Date shall not be any earlier than the second Business Day after the date that the Relevant Commodity Price of the Affected Commodity is determined in accordance with the provisions of hereof.

**"Delivery Date"** means, in respect of a Commodity Reference Price, the Nearby Month of expiration of the relevant Futures Contract or the relevant date or month for delivery of the underlying (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (A) if a date is, or a month and year are, specified in the Final Terms, that date or that month and year;
- (B) if a Nearby Month is specified in the Final Terms, the month of expiration of the relevant Futures Contract; and
- (C) if a method is specified for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method,

as determined by the Calculation Agent.

**"Disappearance of Commodity Reference Price"** means, in respect of a Relevant Commodity Price, (A) the permanent discontinuation of trading in the Futures Contract on the relevant Exchange; (B) the disappearance of, or of trading in, the Specified Commodity; or (C) the disappearance or permanent discontinuance or unavailability of the relevant Commodity Reference Price, notwithstanding the availability of the related

Price Source or the status of trading in the relevant Futures Contract or Specified Commodity.

**"Disruption Fallback"** means, any of Fallback Reference Dealers, Fallback Reference Price, Postponement, Calculation Agent Determination and Delayed Publication or Announcement, specified to be applicable in the Final Terms and in the order specified in the Final Terms.

**"Exchange"** means, in respect of the Specified Commodity, the exchange or principal trading market specified in the definition of Commodity Reference Price.

**"Fallback Reference Dealers"** means that the Relevant Commodity Price, in respect of an Affected Commodity, will be determined in accordance with the Commodity Reference Price, "Commodity- Reference Dealers".

**"Fallback Reference Price"** means that the Calculation Agent will determine the Relevant Commodity Price, in respect of an Affected Commodity, based on the price for the relevant Calculation Date of the first alternate Commodity Reference Price, if any, specified in the Final Terms and not subject to a Market Disruption Event.

**"Futures Contract"** means, in respect of any Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity referred to in that Commodity Reference Price (if any).

**"Gold"** means gold bars or unallocated gold complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect.

**"Gold-A.M. Fix"** means that the price for a Calculation Date will be that day's morning Gold fixing price per troy ounce of Gold for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. Dollars, as determined by the London Gold Market and displayed on Reuters Screen page "GOFO" that displays prices effective on that Calculation Date.

**"Gold-COMEX"** means that the price for a Calculation Date will be that day's Specified Price per troy ounce of gold on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. Dollars, as made public by the COMEX on that Calculation Date.

**"Gold-P.M. Fix"** means that the price for a Calculation Date will be that day's afternoon Gold fixing price per troy ounce of Gold for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. Dollars, as calculated by the London Gold Market and displayed on Reuters Screen page "GOFO" that displays prices effective on that Calculation Date.

**"Hedging Arrangement"** means any hedging arrangements entered into by the Issuer, the Guarantor and/or its affiliates at any time with respect to the Notes, including without limitation the purchase and/or sale of any Commodity and any associated foreign exchange transactions.

**"Hedging Disruption Event"** means, (i) any event in connection with which the Issuer, the Guarantor or any of its affiliates is (or would be) unable, after using commercially reasonable efforts to hold, acquire or dispose of any Commodity or to enter into,

maintain, re-establish or unwind any Hedging Arrangement; (ii) any event in connection with which the Issuer, the Guarantor or any of its affiliates is (or would be) unable, after using commercially reasonable efforts to realise, recover or remit the proceeds of any Commodity and/or Hedging Arrangement; and/or (iii) any other event specified as such in the applicable Final Terms. **"Interest Averaging Dates"** means each of the dates set forth in the Final Terms, if any, or if any such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity the next following Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity, in each case subject to Base Condition 4(i) of the Base Conditions.

**"LBMA"** means the London Bullion Market Association or its successor.

**"Lead"** means standard lead.

**"Lead-LME Cash"** means that the price for a Calculation Date will be that day's Specified Price per tonne of Lead on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

**"LME"** means The London Metal Exchange Limited or its successor.

**"LPPM"** means the London Platinum and Palladium Market or its successor.

**"Market Disruption Event"** means the occurrence, with respect to the Specified Commodity, of a Price Source Disruption, a Trading Disruption, a Disappearance of Commodity Reference Price, a Tax Disruption, a Material Change in Content or a Material Change in Formula or an Early Closure if so specified in the Final Terms.

**"Material Change in Content"** means the occurrence since the Issue Date of a material change in the content, composition or constitution of the Specified Commodity or relevant Futures Contract.

**"Material Change in Formula"** means the occurrence since the Issue Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

**"Nearby Month"**, when preceded by a numerical adjective, means, in respect of a Delivery Date and/or Calculation Date, the month of expiration of the Futures Contract identified by that numerical adjective, so that: (i) "First Nearby Month" means the month of expiration of the first Futures Contract to expire following that date; (ii) "Second Nearby Month" means the month of expiration of the second Futures Contract to expire following that date; and, for example, (iii) "Sixth Nearby Month" means the month of expiration of the sixth Futures Contract to expire following that date.

**"Nickel"** means primary nickel.

**"Nickel-LME Cash"** means that the price for a Calculation Date will be that day's Specified Price per tonne of Nickel on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

"**NYMEX**" means the NYMEX Division, or its successor, of the New York Mercantile Exchange, Inc. or its successor.

"**Observation Date**" means each date, if any, specified as such in the Final Terms, or if any such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity the next following Commodity Business Day or Bullion Business Day, as applicable, in respect of the Specified Commodity.

"**Observation Period**" has the meaning given to it in the Final Terms.

"**Oil**" means West Texas Intermediate light sweet crude oil.

"**OIL-WTI-Argus**" means that the price for a Calculation Date will be that day's Specified Price per barrel of Oil for delivery on the applicable Delivery Date, stated in U.S. Dollars, published under the heading "Key Crude Assessments: Houston 17.00 hrs: Cash WTI" in the issue of Argus that reports prices effective on that Calculation Date.

"**Oil-WTI-NYMEX**" means that the price for a Calculation Date will be that day's Specified Price per barrel of Oil on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Calculation Date.

"**Oil-WTI-Platts Marketwire**" means that the price for a Calculation Date will be that day's Specified Price per barrel of Oil, stated in U.S. Dollars, published under the heading "US Domestic, Delivered US Gulf and Latin America spot assessments: WTI (delivery month)" in the issue of Platts Marketwire that reports prices effective on that Calculation Date.

"**Ounce**" means, in the case of Gold, a fine troy ounce, and in the case of Silver, Platinum and Palladium, a troy ounce.

"**Palladium**" means palladium ingots or plate or unallocated palladium complying with the rules of the LPPM relating to good delivery and fineness from time to time in effect.

"**Platinum**" means ingots or plate or unallocated platinum complying with the rules of the LPPM relating to good delivery and fineness from time to time in effect.

"**Platts Marketwire**" means Platts Crude Oil Marketwire, or any successor publication published by The McGraw-Hill Companies Inc. or its successor.

"**Postponement**" means, with respect to the Specified Commodity, that the Calculation Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day or Bullion Business Day, as applicable, on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist for two consecutive Commodity Business Days or Bullion Business Days, as applicable, (measured from and including the original day that would otherwise have been the Calculation Date). In that case, the next applicable Disruption Fallback specified will apply. If, as a result of a postponement pursuant to this provision, a Relevant Commodity Price is unavailable to determine the Final Redemption Amount by the date falling two Business Days prior to the Scheduled

Maturity Date, then the Maturity Date will be postponed by the same number of Commodity Business Days or Bullion Business Days as was the determination of each Relevant Commodity Price, provided that the Maturity Date shall not be any earlier than the second Business Day after the date that the Relevant Commodity Price of the Affected Commodity is determined in accordance with the provisions of these Single Commodity Linked Conditions.

**"Price Materiality Percentage"** means the percentage specified in the Final Terms (if any).

**"Price Source"** means, in respect of the Specified Commodity, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Commodity Reference Price.

**"Price Source Disruption"** means, in respect of the Specified Commodity, (A) the failure of the relevant Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price of such Specified Commodity) for the relevant Commodity Reference Price; (B) the temporary or permanent discontinuance or unavailability of the Price Source; (C) if the Commodity Reference Price is "Commodity Reference Dealers", the failure to obtain at least three quotations as requested from the relevant Reference Dealers; or (D) if a Price Materiality Percentage is specified in the Final Terms, the Specified Price for the relevant Commodity Reference Price differs from the Specified Price determined in accordance with the Commodity Reference Price "Commodity Reference Dealers" by such Price Materiality Percentage.

**"Pricing Date"** means the date specified in the Final Terms, provided that if the Pricing Date is not a Commodity Business Day in respect of the Specified Commodity (unless the Specified Commodity is Bullion) or a Bullion Business Day (if the Specified Commodity is Bullion), the Pricing Date shall be adjusted in accordance with the Following Business Day Convention, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Reference Dealers"** means, other than in respect of Bullion, for which the relevant Commodity Reference Price is "Commodity Reference Dealers", the four dealers specified in the Final Terms or, if dealers are not so specified, four leading dealers in the relevant market selected by the Calculation Agent.

**"Relevant Commodity Price"** means the price determined on any day for the specified Commodity Reference Price.

**"Scheduled Maturity Date"** means the date specified in the Final Terms.

**"Silver"** means silver bars or unallocated silver complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect.

**"Silver-COMEX"** means that the price for a Calculation Date will be that day's Specified Price per troy ounce of Silver on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by the COMEX on that Calculation Date.

**"Silver-Fix"** means that the price for a Calculation Date will be that day's Silver fixing price per troy ounce of Silver for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. cents, as calculated by the London Silver Market and displayed on Reuters Screen page "SIFO" that displays prices effective on that Calculation Date.

**"Specified Commodity"** means, the commodity or commodity future specified in the Final Terms.

**"Specified Price"** means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the Final Terms.

**"Strike Date"** means the date (if any) specified as such in the Final Terms, or if such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect the Specified Commodity, the next following Commodity Business Day or Bullion Business Day, as applicable, in respect the Specified Commodity, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Strike Price"** means the price (if any) specified as such in the Final Terms.

**"Tax Disruption"** means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to the relevant Commodity or Futures Contract (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Commodity Reference Price on the day that would otherwise be a Calculation Date from what it would have been without that imposition, change or removal.

**"Tin-LME Cash"** means that the price for a Calculation Date will be that day's Specified Price per tonne of Tin on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

**"Trading Disruption"** means, in respect of the Specified Commodity, the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or such Specified Commodity on the relevant Exchange. For these purposes:

- (i) a suspension of the trading in the relevant Futures Contract or the Specified Commodity on any Commodity Business Day or Bullion Business Day, as applicable, shall be deemed to be material only if:
  - (A) all trading in the relevant Futures Contract or the Specified Commodity is suspended for the entire Calculation Date; or

- (B) all trading in the relevant Futures Contract or the Specified Commodity is suspended subsequent to the opening of trading on the Calculation Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Specified Commodity on such Calculation Date, and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the relevant Futures Contract or the Specified Commodity on any Commodity Business Day or Bullion Business Day, as applicable, shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract or the Specified Commodity may fluctuate and the closing or settlement price of the relevant Futures Contract or the Specified Commodity on such day is at the upper or lower limit of that range.

"**Zinc**" means special high grade zinc.

"**Zinc-LME Cash**" means that the price for a Calculation Date will be that day's Specified Price per tonne of Zinc on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

#### 4. **DISRUPTION FALLBACK**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

"(i) **Disruption Fallback**

If the Calculation Agent determines, in its sole and absolute discretion, that a Market Disruption Event has occurred or exists on a day which is a Calculation Date in respect of the Specified Commodity (the "**Affected Commodity**"), the Commodity Reference Price of the Specified Commodity in respect of such Calculation Date shall be determined in accordance with the first applicable Disruption Fallback.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Market Disruption Event has occurred on any relevant Calculation Date, payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is commodity linked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the postponed Calculation Date. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(i) of the Base Conditions.



The Issuer shall give notice to the holders of the Notes, in accordance with Condition 12 of the Base Conditions, of the occurrence of a Market Disruption Event if it results in a delay in the determination of a Commodity Reference Price and the postponement of any payment in respect of the Notes."

## 5. ADJUSTMENTS

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

### "(j) **Adjustments and Additional Disruption Events**

#### (i) *Adjustments*

If the Calculation Agent determines in respect of any Relevant Commodity Price, that the price published or announced and used or to be used by the Calculation Agent in any calculation or determination made or to be made in respect of the Notes is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within three Business Days (or such other period specified in the Final Terms) after the original publication or announcement, the Calculation Agent will determine, in its sole and absolute discretion, the amount (if any) that is payable following that correction, and, whether any adjustment to the terms and conditions of the Notes is required to account for such correction. If, the Calculation Agent determines that an adjustment to the terms and conditions is required, the Issuer will as soon as reasonably practicable adjust the terms and conditions of the Notes to account for such correction.

#### (ii) *Currency*

If the Calculation Agent determines that any event occurs affecting the Relevant Currency or the currency in which the Specified Commodity and/or Futures Contracts and/or Commodity Reference Prices are quoted, listed and/or dealt in on the relevant Price Source and/or Exchange (whether relating to the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer and the amount of interest payable, if any), the Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(iii) *Additional Disruption Events*

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may (i) make such adjustment or adjustments to any relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary and/or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangements, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangements. Notice of any determination made pursuant to this paragraph and/or any adjustment and/or redemption of the Notes shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iv) *Change in currency*

If, at any time after the Issue Date, there is any change in the currency in which the Specified Commodity and/or Futures Contracts and/or any relevant Commodity Reference Price are quoted, listed and/or dealt on the relevant Price Source and/or Exchange, then the Issuer will adjust such of the terms and conditions of the Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency denomination of any payment obligation arising out of the Notes."

6. **AUTOMATIC EARLY REDEMPTION**

For the purposes of the Notes, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

"(o) **Automatic Early Redemption:**

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount."

7. **PRESCRIPTION**

For the avoidance of doubt, Base Condition 7 of the Base Conditions shall apply to the Notes.

## **PART (B): TERMS AND CONDITIONS OF NOTES LINKED TO A BASKET OF COMMODITIES OR COMMODITY FUTURES**

The terms and conditions applicable to Notes linked to a basket of commodities and/or commodity futures issued by the Issuer under the unconditional and irrevocable guarantee of the Guarantor shall comprise the Terms and Conditions of the Notes set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out below (the "**Basket Commodity Linked Conditions**") and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Basket Commodity Linked Conditions, the Basket Commodity Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Basket Commodity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

### **1. FINAL REDEMPTION**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount payable per Note in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula, for which purposes:

**"Final Valuation Date"** means:

- (i) if Averaging is not specified as being applicable in the Final Terms, the Pricing Date; or
- (ii) if Averaging is specified as being applicable in the Final Terms, each of the Averaging Dates,

**"Initial Valuation Date"** means the Strike Date.

**"Settlement Price"** means the Commodity Reference Price.

### **2. INTEREST**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount payable per Note in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula, for which purposes:

**"Final Interest Valuation Date"** means:

- (i) if Averaging is not specified as being applicable in the Final Terms, the Pricing Date; or

- (ii) if Averaging is specified as being applicable in the Final Terms, each of the Interest Averaging Dates,

**"Interest Settlement Price"** means the Commodity Reference Price.

### 3. DEFINITIONS

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

**"Additional Disruption Event"** means a Change in Law, a Hedging Disruption and/or such other event (if any) specified in the Final Terms.

**"Affected Commodity"** has the meaning given to it in Base Condition 4(i) of the Base Conditions.

**"Aluminium"** means high-grade primary aluminium.

**"Aluminium – COMEX"** means that the price for a Calculation Date will be that day's Specified Price per pound of Aluminium on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by the COMEX on that Calculation Date.

**"Aluminium-LME Cash"** means that the price for a Calculation Date will be that day's Specified Price per tonne of Aluminium on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

**"Argus"** means the Argus Crude Report, or any successor publication, published by Argus Media Limited or its successor.

**"Automatic Early Redemption Amount"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate.

**"Automatic Early Redemption Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Automatic Early Redemption Event"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each event specified as such in the Final Terms.

**"Automatic Early Redemption Valuation Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Commodity Business Day or a Bullion Business Day, in respect of any Component, the next following day that is a Commodity Business Day or a Bullion Business Day, as applicable, in respect of all Components, in each

case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Averaging Dates"** means each of the dates set forth in the Final Terms, if any, or if any such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of each Component, the next following day which is a Commodity Business Day or Bullion Business Day, as applicable, in respect of all Components, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Basket"** means, a basket comprised of two or more commodities and/or commodity futures as specified in the Final Terms in the relative proportions specified in the Final Terms.

**"Bullion"** means Gold, Silver, Platinum or Palladium, as the case may be.

**"Bullion Business Day"** means, in respect of any Commodity Linked Notes where the related Basket includes a Bullion Component, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York and in the location where payment is to be made.

**"Bullion Component"** means, in respect of any Commodity Linked Notes and a related Basket, each component of such Basket which comprises Bullion.

**"Bullion Reference Dealers"** means, with respect to any Bullion for which the relevant Commodity Reference Price is "Commodity Reference Dealers", the four major dealers that are the members of the LBMA specified in the Final Terms, or if no such Bullion Reference Dealers are specified, as selected by the Calculation Agent, in each case, acting through their principal London offices.

**"Calculation Agent Determination"** means that the Calculation Agent will determine the relevant Commodity Reference Price (or a method for determining the relevant Commodity Reference Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in good faith it deems relevant.

**"Calculation Date"** means the Strike Date, the Pricing Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or any Redemption Barrier Observation Date or any other date on which the Commodity Reference Price is required to be calculated, as the case may be.

**"Change in Law"** means that on or after the Issue Date (or as otherwise set forth in the Final Terms) (A) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, the Commodity Futures Trading Commission or any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (X) it has (or it expects that it will) become illegal for the Issuer, the Guarantor or any of its affiliates, to (i) to hold, acquire or dispose of any of any Component or to enter into transactions on or relating to any Component (including without limitation, futures contracts) or (ii) perform its obligations under the Notes; or
- (Y) the Issuer, the Guarantor or any of its affiliates would (or would expect to) incur a materially increased cost in (i) holding, acquiring or disposing of any of any Component, (ii) maintaining, entering into or unwinding any Hedging Arrangement, and/or (iii) performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"**COMEX**" means the COMEX Divisions, or its successor, of the New York Mercantile Exchange, Inc., or its successor.

"**Commodity**" means, in respect of each Component, the commodity specified in the relevant Commodity Reference Price, or otherwise the relevant Component.

"**Commodity Business Day**" means (a) in respect of any Component (other than a Bullion Component) for which the Commodity Reference Price is a price announced or published by an Exchange, a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; and (b) in respect of any Component (other than a Bullion Component) for which the Commodity Reference Price is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price.

"**Commodity Reference Dealers**" means that the price for a Calculation Date will be determined on the basis of quotations provided by Reference Dealers or Bullion Reference Dealers, as applicable, on that Calculation Date of that day's Specified Price for a unit of the relevant Commodity for delivery on the Delivery Date, if applicable. If four quotations are provided as requested, the price for that Calculation Date will be the arithmetic mean of the Specified Prices for that Commodity provided by each Reference Dealer or Bullion Reference Dealer, as applicable, without regard to the Specified Prices having the highest and lowest values. If exactly three quotations are provided as requested, the price for that Calculation Date will be the Specified Price provided by the relevant Reference Dealer or Bullion Reference Dealer that remains after disregarding the Specified Prices having the highest and lowest values. For this purpose, if more than one quotation has the same highest value and lowest value, then the Specified Price of one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the price for the Calculation Date cannot be determined.

"**Commodity Reference Price**" means, in respect of each Component, the reference price or spot price for the relevant Component specified in the Final Terms. "Component" means, in respect of any Commodity Linked Notes and the related Basket, each or any of the commodities or commodity futures included in such Basket, including any Bullion Component.

**"Component Weight"** means the percentage or other value specified in the relevant Final Terms.

**"Copper"** means copper-grade A.

**"Copper-COMEX"** means that the price for a Calculation Date will be that day's Specified Price per pound of high grade copper on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by COMEX on that Calculation Date.

**"Copper-LME Cash"** means that the price for a Calculation Date will be that day's Specified Price per tonne of Copper on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

**"Delayed Publication or Announcement"** means, in respect of an Affected Commodity, that the Relevant Commodity Price for the relevant Calculation Date will be determined based on the Specified Price in respect of the original day scheduled as such Calculation Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day or Bullion Business Day, as applicable, on which the relevant Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Calculation Date) or the Relevant Commodity Price continues to be unavailable for two consecutive Commodity Business Days or Bullion Business Days, as applicable. In that case, the next Disruption Fallback specified in the Final Terms will apply. If, as a result of a delay pursuant to Delayed Publication or Announcement, a Relevant Commodity Price is unavailable to determine the Final Redemption Amount by the date falling two Business Days prior to the Scheduled Maturity Date, then the Maturity Date will be delayed by the same number of Commodity Business Days or Bullion Business Days, as the case may be, as was the determination of each Relevant Commodity Price provided that the Maturity Date shall not be any earlier than the second Business Day after the date that each Relevant Commodity Price of each Affected Commodity is determined in accordance with the provisions of hereof.

**"Delivery Date"** means, in respect of a Commodity Reference Price, the Nearby Month of expiration of the relevant Futures Contract or the relevant date or month for delivery of the underlying (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (A) if a date is, or a month and year are, specified in the Final Terms, that date or that month and year;
- (B) if a Nearby Month is specified in the Final Terms, the month of expiration of the relevant Futures Contract; and
- (C) if a method is specified for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method, as determined by the Calculation Agent.



**"Disappearance of Commodity Reference Price"** means, in respect of a Relevant Commodity Price, (A) the permanent discontinuation of trading in the relevant Futures Contract on the relevant Exchange; (B) the disappearance of, or of trading in, the relevant Component; or (C) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the relevant Component.

**"Disruption Fallback"** means, any of Fallback Reference Dealers, Fallback Reference Price, Postponement, Calculation Agent Determination and Delayed Publication or Announcement, specified to be applicable in the Final Terms and in the order specified in the Final Terms.

**"Exchange"** means, in respect of the relevant Component, the exchange or principal trading market specified in the relevant definition of Commodity Reference Price.

**"Fallback Reference Dealers"** means that the Relevant Commodity Price, in respect of an Affected Commodity, will be determined in accordance with the Commodity Reference Price, "Commodity- Reference Dealers".

**"Fallback Reference Price"** means that the Calculation Agent will determine the Relevant Commodity Price, in respect of an Affected Commodity, based on the price for the relevant Calculation Date of the first alternate Commodity Reference Price, if any, specified in the Final Terms and not subject to a Market Disruption Event.

**"Futures Contract"** means, in respect of any Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity referred to in that Commodity Reference Price (if any).

**"Gold"** means gold bars or unallocated gold complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect.

**"Gold-A.M. Fix"** means that the price for a Calculation Date will be that day's morning Gold fixing price per troy ounce of Gold for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. Dollars, as determined by the London Gold Market and displayed on Reuters Screen page "GOFO" that displays prices effective on that Calculation Date.

**"Gold-COMEX"** means that the price for a Pricing Date or Averaging Date will be that day's Specified Price per troy ounce of gold on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. Dollars, as made public by the COMEX on that Pricing Date or Averaging Date.

**"Gold-P.M. Fix"** means that the price for a Calculation Date will be that day's afternoon Gold fixing price per troy ounce of Gold for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. Dollars, as calculated by the London Gold Market and displayed on Reuters Screen page "GOFO" that displays prices effective on that Calculation Date.

**"Hedging Arrangement"** means any hedging arrangements entered into by the Issuer, the Guarantor and/or its affiliates at any time with respect to the Notes, including

without limitation the purchase and/or sale of any Component and any associated foreign exchange transactions.

**"Hedging Disruption Event"** means, (i) any event in connection with which the Issuer, the Guarantor or any of its affiliates is (or would be) unable, after using commercially reasonable efforts to hold, acquire or dispose of any Component or to enter into, maintain, re-establish or unwind any Hedging Arrangement; (ii) any event in connection with which the Issuer, the Guarantor or any of its affiliates is (or would be) unable, after using commercially reasonable efforts to realise, recover or remit the proceeds of any Component and/or Hedging Arrangement; and/or (iii) any other event specified as such in the applicable Final Terms.

**"Interest Averaging Dates"** means each of the dates set forth in the Final Terms, if any, or if any such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of each Component, the next following day which is a Commodity Business Day or Bullion Business Day, as applicable, in respect of all Components, in each case subject to Base Condition 4(i) of the Base Conditions.

**"LBMA"** means the London Bullion Market Association or its successor.

**"Lead"** means standard lead.

**"Lead-LME Cash"** means that the price for a Calculation Date will be that day's Specified Price per tonne of Lead on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

**"LME"** means The London Metal Exchange Limited or its successor.

**"LPPM"** means the London Platinum and Palladium Market or its successor.

**"Market Disruption Event"** means the occurrence, with respect to any Component, of a Price Source Disruption, a Trading Disruption, a Disappearance of Commodity Reference Price, a Tax Disruption, a Material Change in Content or a Material Change in Formula or an Early Closure if so specified in the Final Terms.

**"Material Change in Content"** means the occurrence since the Issue Date of a material change in the content, composition or constitution of the relevant Component or relevant Futures Contract.

**"Material Change in Formula"** means the occurrence since the Issue Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

**"Nearby Month"**, when preceded by a numerical adjective, means, in respect of a Delivery Date and/or Calculation Date the month of expiration of the Futures Contract identified by that numerical adjective, so that: (i) **"First Nearby Month"** means the month of expiration of the first Futures Contract to expire following that date; (ii) **"Second Nearby Month"** means the month of expiration of the second Futures Contract to expire following that date; and, for example, (iii) **"Sixth Nearby Month"** means the month of expiration of the sixth Futures Contract to expire following that date.

"**Nickel**" means primary nickel.

"**Nickel-LME Cash**" means that the price for a Calculation Date will be that day's Specified Price per tonne of Nickel on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

"**NYMEX**" means the NYMEX Division, or its successor, of the New York Mercantile Exchange, Inc. or its successor.

"**Observation Date**" means each date, if any, specified as such in the Final Terms, or if any such date is not a Commodity Business Day or Bullion Business Day in respect of all Components, as applicable, the next following day which is a Commodity Business Day or Bullion Business Day, as applicable, in respect of all Components.

"**Observation Period**" has the meaning ascribed to it in the Final Terms.

"**Oil**" means West Texas Intermediate light sweet crude oil.

"**OIL-WTI-Argus**" means that the price for a Calculation Date will be that day's Specified Price per barrel of Oil for delivery on the applicable Delivery Date, stated in U.S. Dollars, published under the heading "Key Crude Assessments: Houston 17.00 hrs: Cash WTI" in the issue of Argus that reports prices effective on that Calculation Date.

"**Oil-WTI-NYMEX**" means that the price for a Calculation Date will be that day's Specified Price per barrel of Oil on the NYMEX of the Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Calculation Date.

"**Oil-WTI-Platts Marketwire**" means that the price for a Calculation Date will be that day's Specified Price per barrel of Oil, stated in U.S. Dollars, published under the heading "US Domestic, Delivered US Gulf and Latin America spot assessments: WTI (delivery month)" in the issue of Platts Marketwire that reports prices effective on that Calculation Date.

"**Ounce**" means, in the case of Gold, a fine troy ounce, and in the case of Silver, Platinum and Palladium, a troy ounce.

"**Palladium**" means palladium ingots or plate or unallocated palladium complying with the rules of the LPPM relating to good delivery and fineness from time to time in effect.

"**Platinum**" means ingots or plate or unallocated platinum complying with the rules of the LPPM relating to good delivery and fineness from time to time in effect.

"**Platts Marketwire**" means Platts Crude Oil Marketwire, or any successor publication published by The McGraw-Hill Companies Inc. or its successor.

"**Postponement**" means, with respect to any Component, that the Calculation Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day or Bullion Business Day (as applicable) on which the Market Disruption Event ceases to exist, unless that Market Disruption Event

continues to exist for two consecutive Commodity Business Days or Bullion Business Days, as applicable, (measured from and including the original day that would otherwise have been the Calculation Date). In that case, the next applicable Disruption Fallback specified will apply. If, as a result of a postponement pursuant to this provision, a Relevant Commodity Price is unavailable to determine the Final Redemption Amount by the date falling two Business Days prior to the Scheduled Maturity Date, then the Maturity Date will be postponed by the same number of Commodity Business Days or Bullion Business Days as was the determination of the Relevant Commodity Price, **provided that** the Maturity Date shall not be any earlier than the second Business Day after the date that the Relevant Commodity Price of the Affected Commodity is determined in accordance with the provisions of these Basket Commodity Linked Conditions.

**"Price Materiality Percentage"** means the percentage specified in the Final Terms (if any).

**"Price Source"** means, in respect of each Component, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Commodity Reference Price.

**"Price Source Disruption"** means, in respect of any Component, (A) the failure of the relevant Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price of the relevant Component) for the relevant Commodity Reference Price; (B) the temporary or permanent discontinuance or unavailability of the Price Source; (C) if the Commodity Reference Price is "Commodity Reference Dealers", the failure to obtain at least three quotations as requested from the relevant Reference Dealers; or (D) if a Price Materiality Percentage is specified in the Final Terms, the Specified Price for the relevant Commodity Reference Price differs from the Specified Price determined in accordance with the Commodity Reference Price "Commodity Reference Dealers" by such Price Materiality Percentage.

**"Pricing Date"** means the date specified in the Final Terms, provided that if the Pricing Date is not a Commodity Business Day in respect of any Component (unless the Component is Bullion) or a Bullion Business Day (if the Component is Bullion), the Pricing Date in respect of all the Components shall be adjusted in accordance with the Following Business Day Convention, in each case subject to adjustments in accordance with Base Condition 4(i) of the Base Conditions.

**"Reference Dealers"** means, other than in respect of Bullion, for which the relevant Commodity Reference Price is "Commodity Reference Dealers", the four dealers specified in the Final Terms or, if dealers are not so specified, four leading dealers in the relevant market selected by the Calculation Agent.

**"Relevant Commodity Price"** means the price determined on any day for the specified Commodity Reference Price.

**"Scheduled Maturity Date"** means the date specified in the Final Terms.

"**Silver**" means silver bars or unallocated silver complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect.

"**Silver-COMEX**" means that the price for a Calculation Date will be that day's Specified Price per troy ounce of Silver on the COMEX of the Futures Contract for the applicable Delivery Date, stated in U.S. cents, as made public by the COMEX on that Calculation Date.

"**Silver-Fix**" means that the price for a Calculation Date will be that day's Silver fixing price per troy ounce of Silver for delivery in London through a member of the LBMA authorised to effect such delivery, stated in U.S. cents, as calculated by the London Silver Market and displayed on Reuters Screen page "SIFO" that displays prices effective on that Calculation Date.

"**Specified Price**" means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the Final Terms.

"**Strike Date**" means the date (if any) specified as such in the Final Terms, or if such date is not a Commodity Business Day or Bullion Business Day, as applicable, in respect of each Component, the next following day which is a Commodity Business Day or Bullion Business Day in respect of all Components, in each case subject to adjustments in accordance with Base Condition 4(i) of the Base Conditions.

"**Strike Price**" means the price (if any) specified as such in the Final Terms.

"**Tax Disruption**" means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to the relevant Commodity or Futures Contract (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the relevant Commodity Reference Price on the day that would otherwise be a Calculation Date from what it would have been without that imposition, change or removal.

"**Tin-LME Cash**" means that the price for a Calculation Date will be that day's Specified Price per tonne of Tin on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

"**Trading Disruption**" means, in respect of any Component, the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the relevant Component on the relevant Exchange. For these purposes:

- (i) a suspension of the trading in the relevant Futures Contract or the relevant Component on any Commodity Business Day or Bullion Business Day (as applicable) shall be deemed to be material only if:
  - (A) all trading in the relevant Futures Contract or the relevant Component is suspended for the entire Calculation Date; or
  - (B) all trading in the relevant Futures Contract or the relevant Component is suspended subsequent to the opening of trading on the Calculation Date, trading does not recommence prior to the regularly scheduled close of trading in such relevant Futures Contract or such relevant Component on such Calculation Date, and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the relevant Futures Contract or the relevant Component on any Commodity Business Day or Bullion Business Day (as applicable) shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract or the relevant Component may fluctuate and the closing or settlement price of the relevant Futures Contract or the relevant Component on such day is at the upper or lower limit of that range.

"Zinc" means special high grade zinc.

"Zinc-LME Cash" means that the price for a Calculation Date will be that day's Specified Price per tonne of Zinc on the LME for the applicable Delivery Date, stated in U.S. Dollars, as determined by the LME and displayed on Reuters Screen page "MTLE" that displays prices effective on that Calculation Date.

#### 4. **DISRUPTION FALLBACK**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

"(i) **Disrupted Fallback**

If the Calculation Agent determines, in its sole and absolute discretion, that a Market Disruption Event has occurred or exists on a day which is a Calculation Date in respect of any Component (such Component an "Affected Commodity"), the Commodity Reference Price of the Components which are not affected by the occurrence of a Market Disruption Event shall be determined on the scheduled Calculation Date and the Commodity Reference Price of any Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Market Disruption Event has occurred on any Calculation Date, payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is commodity linked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption

Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the last postponed Calculation Date in respect of which the relevant Commodity Reference Price and/or relevant Commodity Price has been determined in respect of each Component. For the avoidance of doubt, no additional amounts shall be payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(i) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of the occurrence of a Market Disruption Event if it results in a delay in the determination of a Commodity Reference Price and the postponement of any payment in respect of the Notes."

## 5. **ADJUSTMENTS**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

### "(j) **Adjustments and Additional Disruption Events**

#### (i) *Adjustments*

If the Calculation Agent determines in respect of any Relevant Commodity Price, that the price published or announced and used or to be used by the Calculation Agent in any calculation or determination made or to be made in respect of the Notes is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within three Business Days (or such other period specified in the Final Terms) after the original publication or announcement, the Calculation Agent will determine, in its sole and absolute discretion, the amount (if any) that is payable following that correction, and, whether any adjustment to the terms and conditions of the Notes is required to account for such correction. If the Calculation Agent determines that an adjustment to the terms and conditions is required the Issuer will, as soon as reasonably practicable, adjust the terms and conditions of the Notes to account for such correction.

#### (ii) *Currency*

If the Calculation Agent determines that any event occurs affecting the Relevant Currency or the currency in which any Component and/or any relevant Futures Contract and/or any relevant Commodity Reference Price is quoted, listed and/or dealt in on the relevant Price Source and/or Exchange (whether relating to the convertibility of any such currency into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer and the amount of interest payable, if any), the

Issuer may make such adjustment or adjustments to the Final Redemption Amount, Strike Price (if applicable) and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary. The Issuer shall give notice to the holders of the Notes of any such adjustment in accordance with Base Condition 12 of the Base Conditions.

(iii) *Additional Disruption Events*

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may (i) make such adjustment or adjustments to any relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary and/or (ii) redeem each Note at its fair market value (as determined by the Calculation Agent) as at the date of redemption taking into account the Additional Disruption Event less, unless specified otherwise in the Final Terms, the cost to the Issuer of amending or liquidating any Hedging Arrangements, together with any costs, expenses, fees or taxes incurred by the Issuer in respect of any such Hedging Arrangements. Notice of any determination made pursuant to this paragraph and/or any adjustment and/or redemption of the Notes shall be given to Noteholders in accordance with Base Condition 12 of the Base Conditions.

(iv) *Change in currency*

If, at any time after the Issue Date, there is any change in the currency in which any Component and/or any relevant Futures Contract and/or any relevant Commodity Reference Price is quoted, listed and/or dealt on the relevant Price Source and/or Exchange, then the Issuer will adjust such of the terms and conditions of the Notes as the Calculation Agent determines appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this section will affect the currency denomination of any payment obligation arising out of the Notes."

6. **AUTOMATIC EARLY REDEMPTION**

For the purposes of the Notes, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

"(o) **Automatic Early Redemption:**

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or (in



the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount."

7. **PRESCRIPTION**

For the avoidance of doubt, Base Condition 7 of the Base Conditions shall apply to the Notes.

## CHAPTER 9 – DEBT LINKED NOTES

### TERMS AND CONDITIONS OF NOTES LINKED TO DEBT INSTRUMENTS

The following terms and conditions apply to Debt Linked Notes issued by the Issuer and comprise the Terms and Conditions set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out below (the "**Debt Linked Conditions**"), any of the specific terms and conditions set out in Chapters 3, 4, 5, 7, 8, 10, 11 and 12 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Debt Linked Conditions, the Debt Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Debt Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. **FINAL REDEMPTION**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

"**Final Valuation Date**" means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Valuation Date; or
- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Averaging Dates;

"**Initial Valuation Date**" means the Strike Date;

"**Settlement Price**" means the Final Bid Price.

#### 2. **INTEREST**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions, the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

**"Final Interest Valuation Date"** means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Valuation Date; or
- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates;

**"Interest Settlement Price"** means the Final Bid Price.

### 3. **DEFINITIONS**

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

**"Automatic Early Redemption Amount"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate.

**"Automatic Early Redemption Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms, subject in each case to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Automatic Early Redemption Event"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Price per Share is, as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price.

**"Automatic Early Redemption Price"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the Price per Share specified as such or otherwise determined in the applicable Final Terms.

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date and if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

**"Automatic Early Redemption Valuation Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to adjustment in accordance with Base Condition 4(i) of the Base Conditions.

**"Averaging Dates"** means each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Bid Price"** means the bid price for the Debt Instrument, including accrued but unpaid interest (if the Final Terms specify that Include Accrued Interest is applicable) or excluding accrued but unpaid interest (if the Final Terms specify that Include Accrued Interest is not applicable).

**"Calculation Date"** means the Strike Date, the Pricing Date, any Averaging Date, any Final Interest Valuation Date, any Interest Averaging Date, any Automatic Early Redemption Valuation Date, any Observation Date, any Structured Barrier Observation Date, any Interest Barrier Observation Date or any Redemption Barrier Observation Date or any other date on which the Final Bid Price is required to be calculated, as the case may be.

**"Debt Instrument"** means the debt instrument specified in the Final Terms as being the relevant Reference Item, or in respect of any Reference Item constituted by a Basket, one of the Components thereof.

**"Disrupted Day"** means any Scheduled Trading Day on which (i) the Exchange fails to open for trading during its regular trading session or (ii) on which a Market Disruption Event has occurred.

**"Exchange"** means the Exchange specified in the Final Terms or otherwise the stock exchange on which the Debt Instruments are, in the determination of the Issuer, traded or quoted or any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the Debt Instruments has temporarily been relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Debt Instruments on such successor or substitute exchange or quotation system as on the original Exchange).

**"Final Bid Price"** means an amount equal to the Bid Price for a Debt Instrument as determined by or on behalf of the Calculation Agent by reference to the Bid Price for such Debt Instrument appearing on the Price Source at the Valuation Time on the relevant date, or if such price is not available, the arithmetic mean of the Bid Prices for such Debt Instrument at the Valuation Time on the relevant date, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Instrument, such Bid Prices to be expressed as a percentage of the nominal amount of the Debt Instrument.

**"Interest Averaging Dates"** means each of the dates set forth in the Final Terms, if any, or if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Market Disruption Event"** shall mean the suspension of or limitation imposed on trading either on any exchange on which the Debt Instruments or any of them (in the case of a Basket of Debt Instruments) are traded or on any exchange on which options contracts or futures contracts with respect to the Debt Instruments or any of them (in the case of a Basket of Debt Instruments) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

**"Reference Item"** is the reference item specified as such in the relevant Final Terms.

**"Strike Date"** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Valuation Date"** means the date (if any) specified as such in the Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, in each case subject to Base Condition 4(i) of the Base Conditions.

**"Valuation Time"** means the time specified in the applicable Final Terms.

#### 4. **DISRUPTED DAYS**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(i) as follows:

**"(i) Disrupted Days**

If the Calculation Agent determines that any Calculation Date in respect of the Debt Instruments is a Disrupted Day, then such Calculation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the Calculation Agent of the occurrence of a Disrupted Day, would have been the Strike Date, such Initial Interest Valuation Date, such Final Interest Valuation Date, the Expiration Date, such Averaging Date or Interest Averaging Date or such Automatic Early Redemption Valuation Date, as the case may be, is a Disrupted Day.

In that case:

- (a) that eighth Scheduled Trading Day shall be deemed to be the relevant Calculation Date in respect of the Debt Instruments, notwithstanding the fact that such day is a Disrupted Day;
- (b) the Calculation Agent shall determine the price of a Debt Instruments as its good faith estimate of the price of a Debt Instruments that would have prevailed, but for the occurrence of a Disrupted Day, at the Valuation Time on that eighth Scheduled Trading Day; and/or
- (c) the Issuer may make any adjustment or adjustments to the Final Redemption Amount, Automatic Early Redemption Amount, the Final Bid Price, the Strike Price and/or any other relevant term of the Notes (including the amount of interest payable, if any) as it deems necessary.

Notwithstanding the provisions of any other Condition, if the Calculation Agent determines that a Disrupted Day has occurred on any relevant Calculation Date payment of the Final Redemption Amount, the Automatic Early Redemption Amount (if such amount is payable) and/or any amount of interest (if the payment of interest is share-linked), as the case may be, shall be postponed to the later of (i) the Maturity Date, the Automatic Early Redemption Date and/or the relevant Interest Payment Date and (ii) the date that is three Business Days (or such other period as specified in the Final Terms) following the postponed Calculation Date. For the avoidance of doubt, no additional amounts shall be

payable in respect of the postponement of any payment of the Final Redemption Amount, the Automatic Early Redemption Amount and/or any amount of interest in accordance with this Base Condition 4(i) of the Base Conditions.

The Issuer shall give notice to the holders of the Notes, in accordance with Base Condition 12 of the Base Conditions, of the occurrence of a Disrupted Day if it results in the postponement of any payment in respect of the Notes and/or any adjustment to any term of the Notes pursuant to this Base Condition 4(i)."

## 5. **REPLACEMENT EVENTS**

For the purposes of the Notes, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(j) as follows:

### "(j) **Replacement Events**

In the event that "Replacement of Debt Instruments" is specified as being applicable in the applicable Final Terms, if at any time the Calculation Agent determines that a Replacement Event has occurred or is continuing with respect to a Debt Instrument (the "**Original Debt Instrument**"), the Calculation Agent may:

- (i) in respect of Notes relating to a single Debt Instrument, as soon as is practicable after such determination, replace the Original Debt Instrument for the purposes of the Notes with an appropriate alternative debt instrument (a "**Replacement Debt Instrument**"), as determined by the Calculation Agent and following any such replacement, the Calculation Agent may make any adjustments to any one or more of the Reference Item, the Final Bid Price and/or any of the other terms of the Base Conditions or these Specific Conditions and/or the applicable Final Terms as it deems appropriate to reflect such replacement; or
- (ii) in respect of Notes relating to a Basket of Debt Instruments, remove the Original Debt Instrument from the Basket with effect as soon as reasonably practicable and, as soon as reasonably practicable following the removal of the Original Debt Instrument, either:
  - (a) substitute the Original Debt Instrument with a Replacement Debt Instrument having the same Component Weight as the Original Debt Instrument or more than one Replacement Debt Instruments having individual Component Weights selected by the Calculation Agent and an aggregate Component Weight equal to the Original Debt Instrument; or
  - (b) if no Replacement Debt Instrument is available or if a Replacement Event has occurred in relation to each of the Replacement Debt Instruments, adjust the Component Weights of the remaining Debt Instruments in the Basket;

and following any such replacement or weight adjustment, the Calculation Agent may make any adjustments to any one or more of the

Reference Item, the Final Bid Price, the relevant Component Weight and/or any of the other terms of these Conditions and/or the applicable Final Terms as it deems appropriate to reflect such replacement or weight adjustment; or

- (iii) redeem the Notes by giving notice to Noteholders in accordance with Base Condition 12. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Replacement Event, less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Base Condition 12; or
- (iv) determine that the effect of the Replacement Event can be compensated by an adjustment to any one or more of the Reference Item Final Bid Price, Component Weight and/or any of the other terms of these Conditions and/or the applicable Final Terms and following any such determination, the Calculation Agent may make any such adjustments as it deems appropriate to reflect such compensation.

For these purposes, "**Replacement Event**" means:

- (A) a Debt Instrument matures;
- (B) a Debt Instrument becomes repayable (otherwise than at the option of the relevant obligor thereof in accordance with the terms of such Debt Instrument) or becomes capable of being declared due and payable prior to its stated date of maturity for whatever reason;
- (C) if a Debt Instrument becomes repayable at the option of the obligor thereof in accordance with the terms of such Debt Instrument,

in each case, prior to the Maturity Date.

## 6. **AUTOMATIC EARLY REDEMPTION**

For the purposes of the Notes, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Base Condition 4(o) as follows:

### "(o) **Automatic Early Redemption:**

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period

as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount."

7. **PRESCRIPTION**

For the avoidance of doubt, Base Condition 7 of the Base Conditions shall apply to the Notes.



## CHAPTER 10 – UNDERLYING INTEREST RATE LINKED NOTES

### TERMS AND CONDITIONS OF NOTES LINKED TO UNDERLYING INTEREST RATE

The following terms and conditions apply to Interest Rate Linked Notes issued by the Issuer and comprise the Terms and Conditions set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out below (the "**Interest Rate Linked Conditions**"), any of the specific terms and conditions set out in Chapters 3, 4, 5, 7, 8, 9, 11 and 12 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Interest Rate Linked Conditions, the Interest Rate Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Interest Rate Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. FINAL REDEMPTION

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 4(b) of the Base Conditions the Final Redemption Amount payable per Note on the Maturity Date shall be an amount in the Specified Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

"**Final Valuation Date**" means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Valuation Date; or
- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Averaging Dates;

"**Initial Valuation Date**" means the Strike Date;

"**Settlement Price**" means the Underlying Interest Rate.

#### 2. INTEREST

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions, the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Specified Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

**"Final Interest Valuation Date"** means:

- (a) if Averaging is not specified as being applicable in the applicable Final Terms, the Final Interest Valuation Date specified in the Final Terms; or
- (b) if Averaging is specified as being applicable in the applicable Final Terms, each of the Interest Averaging Dates;

**"Interest Settlement Price"** means the Underlying Interest Rate.

3. **DETERMINATION OF UNDERLYING INTEREST RATE**

In respect of each Underlying Interest Determination Date specified in the applicable Final Terms, the Underlying Reference Rate will be determined in the manner specified in the applicable Final Terms.

The Calculation Agent will, on or as soon as practicable after each date on which the Underlying Interest Rate is to be determined, determine the Underlying Interest Rate which will be the Underlying Reference Rate determined by the Calculation Agent in accordance with Interest Rate Linked Conditions 4 to 8, as the case may be, plus or minus (as indicated in the Final Terms) the Underlying Margin (if any) and subject to any Minimum Underlying Interest Rate or Maximum Underlying Interest Rate specified in the applicable Final Terms. The Calculation Agent will notify the Principal Paying Agent of the Underlying Reference Rate and the Underlying Interest Rate as soon as practicable after calculating the same.

4. **SCREEN RATE DETERMINATION FOR REFERENCE RATES OTHER THAN CMS RATE, CONSTANT MATURITY BTP RATE AND CONSTANT MATURITY BUND RATE**

Subject to the provisions of Interest Rate Linked Condition 9 below, if Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Underlying Reference Rate is to be determined, the Underlying Reference Rate will be determined by the Calculation Agent as follows:

- (A) if the Underlying Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Underlying Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Underlying Interest Determination Date;
- (B) in any other case, the Calculation Agent will determine the arithmetic mean of the Underlying Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Underlying Interest Determination Date;
- (C) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will determine the Underlying Reference Rate as the rate it determines would have prevailed but for such non-availability or other event acting in good faith and using its reasonable judgment.

5. **SCREEN RATE DETERMINATION FOR CONSTANT MATURITY BTP RATE**

Subject to the provisions of Interest Rate Linked Condition 9 below, if Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Underlying Reference Rate is to be determined and Constant Maturity BTP Rate is specified as the Underlying Reference Rate in the applicable Final Terms, the Underlying Reference Rate will, subject as provided below, be determined as the gross yield before taxes of Italian government bonds with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page (or such replacement page on that service which displays the information) at the Specified Time on the Underlying Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Underlying Margin (if any), all as determined by the Calculation Agent.

If on any Underlying Interest Determination Date the Relevant Screen Page (or such replacement page on that service which displays the information) is not available, the Constant Maturity BTP Rate for such Underlying Interest Determination Date shall be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, as the gross yield before taxes based on the mid-market price for Italian government bonds with a maturity of the Designated Maturity, or as close to the Designated Maturity as considered appropriate by the Calculation Agent in its discretion, and in a Representative Amount at the Specified Time on the Underlying Interest Determination Date in question and shall be the arithmetic mean of quotations obtained from three Constant Maturity BTP Reference Banks selected by the Issuer (from five such Constant Maturity BTP Reference Banks after eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)).

If on any Underlying Interest Determination Date fewer than three or none of the Constant Maturity BTP Reference Banks provides the Calculation Agent with quotations for such prices as provided in the preceding paragraph, the Constant Maturity BTP Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its discretion, in accordance with standard market practice.

Unless otherwise stated in the applicable Final Terms the Minimum Underlying Interest Rate shall be deemed to be zero.

For the purposes of Interest Rate Linked Condition 5:

**"Constant Maturity BTP Reference Bank"** means the principal office of any "Specialist in Italian Government Bonds" included in the "List of Specialists in Government Bonds" (*Elenco Specialisti in Titoli di Stato*) published by the Department of Treasury (*Dipartimento del Tesoro*) from time to time.

**"Designated Maturity"**, **"Underlying Margin"**, **"Relevant Screen Page"** and **"Specified Time"** shall have the meaning given to those terms in the applicable Final Terms.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market at the relevant time.

6. **SCREEN RATE DETERMINATION FOR CONSTANT MATURITY BUND RATE**

Subject to the provisions of Interest Rate Linked Condition 9 below, if Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Underlying Reference Rate is to be determined and Constant Maturity Bund Rate is specified as the Underlying Reference Rate in the applicable Final Terms, the Underlying Reference Rate will, subject as provided below, be determined as the gross yield before taxes of German government bonds with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page (or such replacement page on that service which displays the information) at the Specified Time on the Underlying Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Underlying Margin (if any), all as determined by the Calculation Agent.

If on any Underlying Interest Determination Date the Relevant Screen Page (or such replacement page on that service which displays the information) is not available, the Constant Maturity Bund Rate for such Underlying Interest Determination Date shall be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, as the gross yield before taxes based on the mid-market price for German government bonds with a maturity of the Designated Maturity, or as close to the Designated Maturity as considered appropriate by the Calculation Agent in its discretion, and in a Representative Amount at the Specified Time on the Underlying Interest Determination Date in question and shall be the arithmetic mean of quotations obtained from three Constant Maturity Bund Reference Banks selected by the Issuer (from five such Constant Maturity Bund Reference Banks after eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)).

If on any Underlying Interest Determination Date fewer than three or none of the Constant Maturity Bund Reference Banks provides the Calculation Agent with quotations for such prices as provided in the preceding paragraph, the Constant Maturity Bund Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its discretion, in accordance with standard market practice.

Unless otherwise stated in the applicable Final Terms the Minimum Underlying Interest Rate shall be deemed to be zero.

For the purposes of Interest Rate Linked Condition 6:

**"Constant Maturity Bund Reference Bank"** means the entities indicated in the applicable Final Terms.

**"Designated Maturity"**, **"Underlying Margin"**, **"Relevant Screen Page"** and **"Specified Time"** shall have the meaning given to those terms in the applicable Final Terms.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market at the relevant time.

## 7. **SCREEN RATE DETERMINATION FOR CMS RATE**

Subject to the provisions of Interest Rate Linked Condition 9 below, where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Underlying Reference Rate is to be determined and CMS is specified as the Underlying Reference Rate in the applicable Final Terms, the Underlying Reference Rate will, subject as provided below, be the CMS Rate multiplied by the relevant Rate Multiplier, if any, plus or minus (as indicated in the applicable Final Terms) the relevant Underlying Margin (if any), all as determined by the Calculation Agent and provided that the Underlying Reference Rate may not be less than zero.

If the Relevant Screen Page is not available, the Issuer shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately the Relevant Time on the Underlying Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Underlying Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its absolute discretion, in accordance with standard market practice.

For the purpose of Interest Rate Linked Condition 7:

**"CMS Rate"** shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Relevant Time on the Underlying Interest Determination Date in question, all as determined by the Calculation Agent.

**"CMS Reference Banks"** means (i) where the Relevant Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Relevant Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Relevant Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Relevant Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case selected by the Calculation Agent.

**"Designated Maturity"**, **"Underlying Margin"**, **"Rate Multiplier"**, **"Relevant Currency"**, **"Relevant Screen Page"** and **"Relevant Time"** shall have the meanings given to those terms in the applicable Final Terms.

**"Relevant Swap Rate"** means:

- (1) where the Relevant Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the ISDA Definitions)) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;
- (2) where the Relevant Currency is in Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;
- (3) where the Relevant Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (4) where the Relevant Currency is any other currency or if the Final Terms specify otherwise, the mid-market swap rate.

**"Representative Amount"** means any amount that is representative for a single transaction in the relevant market at the relevant time.

## 8. **SPECIFIC SECURITY YIELD DETERMINATION**

Subject to the provisions of Interest Rate Linked Condition 9 below, if Specific Security Yield Determination is specified in the applicable Final Terms as the manner in which the Underlying Reference Rate is to be determined, the Underlying Reference Rate will, subject as provided below, be determined (i) as the gross yield before taxes or (ii) as

specified in the applicable Final Terms of the debt security (identified by the ISIN number thereof) indicated as the Reference Item in the Final Terms, expressed as a percentage, which appears on the Relevant Screen Page (or such replacement page on that service which displays the information) at the Specified Time on the Underlying Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Underlying Margin (if any), all as determined by the Calculation Agent.

If on any Underlying Interest Determination Date the Relevant Screen Page (or such replacement page on that service which displays the information) is not available, the Underlying Reference Rate for such Underlying Interest Determination Date shall be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, (i) as the gross yield before taxes or (ii) as specified in the applicable Final Terms, based on (A) the mid-market price or (B) any other price as specified in the applicable Final Terms for that debt security, and in a Representative Amount at the Specified Time on the Underlying Interest Determination Date in question and shall be the arithmetic mean of quotations obtained from three Reference Banks selected by the Issuer.

If on any Underlying Interest Determination Date fewer than three or none of the Reference Banks provides the Calculation Agent with quotations for such prices as provided in the preceding paragraph, the Underlying Reference Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its discretion, in accordance with standard market practice.

For the purpose of Interest Rate Linked Condition 8:

"**Underlying Margin**", "**Relevant Screen Page**" and "**Specified Time**" shall have the meaning given to those terms in the applicable Final Terms.

"**Representative Amount**" means an amount that is representative for a single transaction in the relevant market at the relevant time.

## 9. **BENCHMARK REPLACEMENT**

Notwithstanding the provisions in Interest Rate Linked Conditions 4, 5, 6, 7 and 8, if the Issuer (in consultation with the Calculation Agent (or the person specified in the applicable Final Terms as the party responsible for calculating the Interest Rate and the Interest Amount(s))) determines a Benchmark Event has occurred, when any Underlying Reference Rate (or the relevant component part thereof) remains to be determined by reference to an Underlying Reference Rate, then the following provisions shall apply:

- (1) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in good faith and in a commercially reasonable manner) a Successor Rate (as defined below) or, alternatively, if the Independent Adviser and the Issuer agree that there is no Successor Rate, an Alternative Benchmark Rate and, in either case, an alternative screen page or source (the "**Alternative Relevant Screen Page**") and an Adjustment Spread (if applicable) no later than 3 Business Days prior to the Interest Determination Date relating to the next succeeding relevant

period (as applicable) (the "**IA Determination Cut-off Date**") for purposes of determining the Interest Rate applicable to the Notes for all future relevant periods (as applicable) (subject to the subsequent operation of this Interest Rate Linked Condition 9);

- (2) if the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser and the Issuer cannot agree upon, or cannot select a Successor Rate or an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the IA Determination Cut-off Date in accordance with sub-paragraph (ii) above, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine which (if any) rate has replaced the relevant Underlying Reference Rate in customary market usage for purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Specified Currency, or, if it determines that there is no such rate, which (if any) rate is most comparable to the relevant Underlying Reference Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; *provided however that* if this sub-paragraph (2) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Relevant Screen Page prior to the Interest Determination Date relating to the next succeeding relevant period (if any) in accordance with this sub-paragraph (2), then the Underlying Reference Rate applicable to such relevant period shall be equal to the last Underlying Reference Rate available on the Relevant Screen Page, plus or minus (as appropriate) the Underlying Margin (if any), as determined by the Calculation Agent. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding relevant period (if any), and any subsequent relevant period (if any) are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Interest Rate Linked Condition 9;
- (3) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Relevant Screen Page is determined in accordance with the preceding provisions, such Successor Rate or Alternative Benchmark Rate and Alternative Relevant Screen Page shall be the benchmark and the Relevant Screen Page in relation to the Notes for all future relevant periods (if any) (subject to the subsequent operation of this Interest Rate Linked Condition 9);
- (4) if the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that (A) an Adjustment Spread is required to be applied to the Successor Rate or Alternative Benchmark Rate and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or Alternative Benchmark Rate for each subsequent determination of a relevant Interest Rate and Interest Amount(s) (or a component part thereof) by reference to such Successor Rate or Alternative Benchmark Rate. If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Benchmark Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Paying Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give



effect to this Interest Rate Linked Condition 9. No Noteholder consent shall be required in connection with effecting the Successor Rate or Alternative Benchmark Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Paying Agents (if required));

- (5) if a Successor Rate or an Alternative Benchmark Rate and/or Adjustment Spread is determined in accordance with the above provisions, the Independent Adviser (with the Issuer's agreement) or the Issuer (as the case may be), may also specify changes to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Underlying Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or Alternative Benchmark Rate and/or Adjustment Spread, which changes shall apply to the Notes for all future relevant periods (if any) (subject to the subsequent operation of this Interest Rate Linked Condition 9); and
- (6) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Benchmark Rate, give notice thereof and of any changes pursuant to sub-paragraph (5) above to the Calculation Agent and the Noteholders.

For the purposes of this Interest Rate Linked Condition 9:

**"Adjustment Spread"** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Benchmark Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Underlying Reference Rate with the Successor Rate or the Alternative Benchmark Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Underlying Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Benchmark Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Underlying Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Benchmark Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer), determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

**"Alternative Benchmark Rate"** means such rate as the Independent Adviser and the Issuer acting in good faith agree has replaced the relevant Underlying Reference Rate

in customary market usage for the purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Specified Currency, or, if the Independent Adviser and the Issuer agree that there is no such rate, such other rate as the Independent Adviser and the Issuer acting in good faith agree is most comparable to the relevant Underlying Reference Rate, and the Alternative Relevant Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate.

**"Benchmark Event"** means:

- (i) the relevant Underlying Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the relevant Underlying Reference Rate that it has ceased, or will cease, publishing such Underlying Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Underlying Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the relevant Underlying Reference Rate that such Underlying Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Underlying Reference Rate (as applicable) that means that such Underlying Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (v) a public statement by the supervisor of the administrator of the relevant Reference that, in the view of such supervisor, (i) such Underlying Reference Rate is no longer representative of an underlying market or (ii) the methodology to calculate such Underlying Reference Rate has materially changed; or
- (vi) it has or will become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the relevant Underlying Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation, if applicable).

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense.

**"Relevant Nominating Body"** means, in respect of a reference rate or screen rate (as applicable):

- (i) the central bank for the currency to which the reference rate or mid swap floating leg benchmark rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or

- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Underlying Reference Rate which is formally recommended by any Relevant Nominating Body.

## 10. U.S. DOLLAR LIBOR REPLACEMENT

- (1) *Benchmark Replacement.* Notwithstanding the provisions in Interest Rate Linked Conditions 4, 5, 6, 7 and 8, if the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates.
- (2) *Benchmark Replacement Conforming Changes.* In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.
- (3) *Decisions and Determinations.* Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Interest Rate Linked Condition 10, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party.
- (4) *Certain Defined Terms.* As used in this Interest Rate Linked Condition 10:

**"Benchmark"** means, initially, U.S. dollar LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to U.S. dollar LIBOR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

**"Benchmark Replacement"** means the Interpolated Benchmark; provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;

- (ii) the sum of: (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;
- (iii) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (iv) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment;
- (v) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

**"Benchmark Replacement Adjustment"** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate notes at such time.

**"Benchmark Replacement Conforming Changes"** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of any relevant period, timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Tenor" when such tenor is longer, shorter than or equal to the relevant period and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary).

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

**"Benchmark Transition Event"** means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

**"Compounded SOFR"** means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the amount payable prior to the end of each relevant period) being established by the Issuer or its designee in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; **provided that:**

- (ii) if, and to the extent that, the Issuer or its designee determines that Compounded SOFR cannot be determined in accordance with clause (i) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

**"Corresponding Tenor"** with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

**"Federal Reserve Bank of New York's Website"** means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

**"Interpolated Benchmark"** with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor.

**"ISDA Definitions"** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

**"ISDA Fallback Adjustment"** means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**"Reference Time"** with respect to any determination of the Benchmark means (1) if the Benchmark is U.S. dollar LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination, and (2) if the Benchmark is not U.S. dollar LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes.

**"Relevant Governmental Body"** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

**"SOFR"** with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

"**Term SOFR**" means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

#### 11. **ISDA DETERMINATION**

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Underlying Reference Rate is to be determined, the Underlying Reference Rate will be the relevant Underlying ISDA Rate determined by the Calculation Agent. For the purposes of these Interest Rate Linked Conditions, the "**Underlying ISDA Rate**" means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent (as defined under the ISDA Definitions) for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (b) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Final Terms.

#### 12. **MINIMUM UNDERLYING INTEREST RATE OR MAXIMUM UNDERLYING INTEREST RATE**

If the applicable Final Terms specifies a Minimum Underlying Interest Rate, then, in the event that the Underlying Interest Rate is less than such Minimum Underlying Interest Rate, the Underlying Interest Rate shall be such Minimum Underlying Interest Rate.

If the applicable Final Terms specifies a Maximum Underlying Interest Rate, then, in the event that the Underlying Interest Rate is greater than such Maximum Underlying Interest Rate, the Underlying Interest Rate shall be such Maximum Underlying Interest Rate.

#### 13. **AUTOMATIC EARLY REDEMPTION**

For the purposes of the Notes, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, Base Condition 4 of the Base Conditions shall be amended by the addition of a new Condition 4(o) as follows:

"(o) **Automatic Early Redemption:**

Unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date or during any Observation Period the Automatic Early Redemption Event occurs, then the Notes will be automatically

redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or (in the case of the occurrence of an Automatic Early Redemption Event during an Observation Period) on the date that is five Business Days (or such other period as is specified in the applicable Final Terms) following the occurrence of such Automatic Early Redemption Event, and in any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount."

#### 14. DEFINITIONS

For the purposes of the terms and conditions of the Notes, the following terms shall have the meanings set out below:

**"Automatic Early Redemption Amount"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (a) an amount specified as such in the applicable Final Terms or, if no such amount is specified, (b) an amount per Specified Denomination equal to the product of (i) the Specified Denomination and (ii) the relevant Automatic Early Redemption Rate.

**"Automatic Early Redemption Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms.

**"Automatic Early Redemption Event"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, (unless otherwise specified in the applicable Final Terms) that the Final Price is, as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price.

**"Automatic Early Redemption Price"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the Final Price specified as such or otherwise determined in the applicable Final Terms.

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date and if "Automatic Early Redemption" is specified as being applicable in the Final Terms, the rate specified as such in the applicable Final Terms.

**"Automatic Early Redemption Valuation Date(s)"** means, if "Automatic Early Redemption" is specified as being applicable in the Final Terms, each of the date(s) specified as such in the applicable Final Terms or, if any such Automatic Early Redemption Valuation Date is not a Business Day, the next following Business Day.

**"Averaging Dates"** means each of the dates set forth in the Final Terms, if any, or if any such date is not a Business Day, the next following Business Day.

**"Interest Averaging Dates"** means each of the dates set forth in the Final Terms, if any, or if any such date is not a Business Day, the next following Business Day.

**"Reference Item"** is the reference item specified as such in the relevant Final Terms.



**"Relevant Financial Centre"** means, with respect to any Underlying Interest Rate to be determined on an Underlying Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms.

**"Relevant Screen Page"** means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified as the Relevant Screen Page in the relevant Final Terms.

**"Relevant Time"** means, with respect to any Underlying Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms.

**"Strike Date"** means the date (if any) specified as such in the Final Terms, or if such date is not a Business Day, the next following Business Day.

**"Underlying Interest Determination Date"** means the date or the dates specified as such in the relevant Final Terms.

**"Underlying Interest Rate"** means the value of the Underlying Reference Rate determined by the Calculation Agent in accordance with Interest Rate Linked Conditions 4 or 5 above, as the case may be, plus or minus the (as indicated in the Final Terms) the Underlying Margin.

**"Underlying Margin"** means the percentage specified as such in the relevant Final Terms.

**"Underlying Reference Rate"** means the reference rate specified in the Final Terms as being the relevant Reference Item, or in respect of any Reference Item constituted by a Basket, one of the Components thereof.

**"Valuation Date"** means the date (if any) specified as such in the Final Terms, or if such date is not a Business Day, the next following Business Day.

**"Valuation Time"** means the time specified in the applicable Final Terms.

## CHAPTER 11 – FX LINKED NOTES

### TERMS AND CONDITIONS OF NOTES LINKED TO FX RATES

The following terms and conditions apply to Notes linked to foreign exchange rates issued by the Issuer and comprise the Terms and Conditions of the Notes set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out below (the "**FX Linked Conditions**"), any of the specific terms and conditions set out in Chapters 3, 4, 5, 7, 8 9, 10 and 12 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the FX Linked Conditions, the FX Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the FX Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. **FINAL REDEMPTION**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, on the Maturity Date the Issuer shall pay the Final Redemption Amount, which shall be an amount payable per Note in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

"**Final Valuation Date**" means the date indicated as such in the applicable Final Terms;

"**Initial Valuation Date**" means the date (if any) indicated as such in the applicable Final Terms.

"**Settlement Price**" means the Currency Price.

#### 2. **INTEREST**

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(f) of the Base Conditions, the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in the Relevant Currency determined by the Calculation Agent in accordance with the applicable Structured Rate Formula specified in the Final Terms, for which purposes:

"**Interest Settlement Price**" means the Currency Price.

#### 3. **DEFINITIONS**

"**Averaging Cut-Off Date**" means, in respect of an Averaging Date, the fifth FX Business Day immediately following the original date on which the final Averaging Date was scheduled to fall, or, if earlier, the FX Business Day falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation

or determination made on such Averaging Date, provided that the Averaging Cut-Off Date shall not fall prior to the original date on which such final Averaging Date was scheduled to fall.

**"Averaging Date"** means each Averaging Date specified in the applicable Final Terms, or, if that is not an FX Business Day the first following day which is an FX Business Day, or, if earlier the Averaging Cut-Off Date (such day, the **"Scheduled Averaging Date"** corresponding to such Averaging Date). If an Averaging Date falls on the Averaging Cut-Off Date, then, subject to the applicable Final Terms, the next applicable Disruption Fallback specified as a consequence of an FX Market Disruption Event shall apply (as if an FX Market Disruption Event had occurred), or, if none is specified, Calculation Agent Determination shall be deemed to apply.

**"Base Currency"** means the currency specified as such in the applicable Final Terms.

**"Calculation Agent Determination"** means, in respect of a Currency Price and any relevant day, that such Currency Price for such relevant day (or a method for determining such Currency Price) will be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant.

**"Currency Price"** means, in relation to each Note, the Currency Price specified in the applicable Final Terms, or if not so specified in the applicable Final Terms, in respect of each Subject Currency, an amount equal to the spot rate of exchange appearing on the FX Price Source at the Valuation Time on the relevant date for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

**"Currency-Reference Dealers"** means, in respect of any relevant day, that the Calculation Agent will request each of the Reference Dealers to provide a quotation of its rate at which it will buy one unit of the Base Currency in units of the Subject Currency at the applicable Valuation Time on such relevant day. If, for any such rate, at least two quotations are provided, the relevant rate will be the arithmetic mean of the quotations. If fewer than two quotations are provided for any such rate, the relevant rate will be the arithmetic mean of the relevant rates quoted by major banks in the relevant market, selected by the Calculation Agent at or around the applicable Valuation Time on such relevant day.

**"Disruption Fallback"** means, in respect of a Currency Price, Calculation Agent Determination, Currency-Reference Dealers, EM Fallback Valuation Postponement, EM Valuation Postponement, Fallback Reference Price, Other Published Sources and/or Postponement. The applicable Disruption Fallback in respect of a Currency Price shall be as specified in the applicable Final Terms, and if two or more Disruption Fallbacks are specified, unless otherwise provided in the Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Currency Price cannot be determined by applying one Disruption Fallback, then the next Disruption Fallback specified shall apply.

**"Fallback Reference Price(s)"** means, in respect of a Currency Price, that the Currency Price for the relevant date will be the alternate price source(s) specified in the applicable

Final Terms for such Currency Price, applied in the order specified in the applicable Final Terms.

**"FX Business Day"** means, in respect of a Currency Price, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits), or but for the occurrence of an FX Market Disruption Event in respect of such Currency Price would have settled payments and been open for general business, in each of the Specified Financial Centers for such Currency Price, as specified in the applicable Final Terms.

**"FX Disrupted Day"** means any FX Business Day on which a FX Market Disruption Event occurs.

**"FX Market Disruption Event"** means:

- (a) in respect of a Currency Price, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any FX Trading Suspension or Limitation and/or, if specified as applicable in the Final Terms, any Inconvertibility Event; and
- (b) if the applicable Final Terms provides that the EM Currency Provisions shall apply to a Currency Price, in respect of such Currency Price, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption, Price Materiality Event and/or, if specified as applicable in the Final Terms, any Inconvertibility Event and/or Non-Transferability Event.

**"FX Price Source(s)"** means, in respect of a Currency Price, the price source(s) specified in the applicable Final Terms for such Currency Price, or if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page/publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

**"FX Price Source Disruption"** means it becomes impossible or otherwise impracticable to obtain and/or execute the relevant rate(s) required to calculate the Currency Price on the Averaging Date or Valuation Date or other relevant date, or, if different, the day on which rates for that Averaging Date or Valuation Date or other relevant date, as the case may be, would in the ordinary course be published or announced by the relevant FX Price Source.

**"FX Trading Suspension or Limitation"** means the suspension of and/or limitation of trading in the rate(s) required to calculate the relevant Currency Price in the Interbank Market provided that such suspension or limitation of trading is material in the opinion of the Calculation Agent.

**"Inconvertibility Event"** means the occurrence, as determined by the Calculation Agent in its sole and absolute discretion, of any action, event or circumstance whatsoever which, from a legal or practical perspective:

- (a) has the direct or indirect effect of hindering, limiting or restricting (i) the convertibility of the relevant Subject Currency into the Base Currency, or (ii)

the transfer of the Subject Currency or the Base Currency to countries other than the countries for which the Subject Currency or the Base Currency, as the case may be, is the lawful currency (including without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions); and/or

- (b) results in the unavailability of any relevant Base Currency or Subject Currency in the interbank foreign exchange market in any Specified Financial Centre(s) in accordance with normal commercial practice.

**"Interbank Market"** means the over-the-counter foreign exchange spot market open continuously from and including 5.00 a.m., Sydney time, on a Monday in any week to and including 5.00 p.m., New York time, on the Friday of such week.

**"Maximum Days of Postponement"** means five (5) FX Business Days or such other number of FX Business Days (or other type of days) as specified in the applicable Final Terms.

**"Non-Transferability Event"** means the occurrence, as determined by the Calculation Agent in its sole and absolute discretion, of any event that generally makes it impossible to deliver (a) the Base Currency from accounts inside the Subject Currency Jurisdiction to accounts outside the Subject Currency Jurisdiction or (b) the Subject Currency between accounts inside the Subject Currency Jurisdiction or to a party that is a non-resident of the Subject Currency Jurisdiction.

**"Other Published Sources"** means, in respect of any relevant day, that the Calculation Agent will determine the Currency Price on such relevant day on the basis of the exchange rate for one unit of the Base Currency in terms of the Subject Currency published by available recognised financial information vendors (as selected by the Calculation Agent) other than the applicable FX Price Source, at or around the applicable Valuation Time on such relevant day.

**"Postponement"** means, in respect of a Valuation Date or an Averaging Date, if such day (or, if applicable, if the original day on which such Valuation Date or an Averaging Date, as the case may be, is scheduled to fall (as specified in the applicable Final Terms) is postponed on account of such original day not being an FX Business Day, such postponed day) is an FX Disrupted Day, then:

- (a) where the FX Linked Notes relate to a single Currency Price, such Valuation Date or Averaging Date, as the case may be, shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless the Calculation Agent determines that each of the consecutive FX Business Days equal in number to the Maximum Days of Postponement immediately following such Scheduled Valuation Date or Scheduled Averaging Date, as the case may be, is an FX Disrupted Day. In that case, (i) that last consecutive FX Business Day shall be deemed to be the Valuation Date or the Averaging Date, as the case may be (notwithstanding the fact that such day may be an FX Disrupted Day) and (ii) the next applicable Disruption Fallback shall apply; or
- (b) where the FX Linked Notes relate to a Basket of Currency Prices, such Valuation Date or Averaging Date, as the case may be, for each Currency Price

not affected by the occurrence of an FX Disrupted Day shall be the Scheduled Valuation Date or Scheduled Averaging Date, as the case may be, and the Valuation Date for each Currency Price affected (each an "Affected Currency Price") by the occurrence of an FX Disrupted Day shall be the first succeeding FX Business Day that is not an FX Disrupted Day relating to the Affected Currency Price, unless the Calculation Agent determines that each of the consecutive FX Business Days equal in number to the Maximum Days of Postponement immediately following such Scheduled Valuation Date or Scheduled Averaging Date, as the case may be, is an FX Disrupted Day. In that case for each Affected Currency Price, (i) that last consecutive FX Business Day shall be deemed to be the Valuation Date or the Averaging Date, as the case may be (notwithstanding the fact that such day may be an FX Disrupted Day) and (ii) the next applicable Disruption Fallback shall apply.

**"Price Materiality Event"** means, in respect of a Currency Price and a Valuation Date, Averaging Date or other relevant date, that the FX Price Source differs from the Fallback Reference Price by at least the Price Materiality Percentage (and if both an FX Price Source Disruption and a Price Materiality Event occur or exist on any day, it shall be deemed that an FX Price Source Disruption and not a Price Materiality Event occurred or existed on such day).

**"Price Materiality Percentage"** means the percentage specified as such in the applicable Final Terms.

**"Reference Dealers"** means, in respect of each Subject Currency, four leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent (or any other number of dealers as specified in the applicable Final Terms).

**"Specified Financial Centre(s)"** means the financial centre(s) specified in the applicable Final Terms.

**"Subject Currency"** means the currency specified as such in the applicable Final Terms.

**"Subject Currency Jurisdiction"** means the country for which the Subject Currency is the lawful currency.

**"Valuation Cut-Off Date"** means, in respect of a Valuation Date, the fifth FX Business Day immediately following the original date on which such Valuation Date was scheduled to fall, or, if earlier, the FX Business Day falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Valuation Date, provided that the Valuation Cut-Off Date shall not fall prior to the original date on which such Valuation Date was scheduled to fall.

**"Valuation Date"** means:

- (a) if the applicable Final Terms specifies that the EM Currency Provisions shall not apply to a Currency Price, each Valuation Date specified in the applicable Final Terms or if that is not an FX Business Day the first following day which

is an FX Business Day, or, if earlier the Valuation Cut-Off Date (such day, the "**Scheduled Valuation Date**" corresponding to such Valuation Date). If a Valuation Date falls on the Valuation Cut-Off Date, then, subject to the applicable Final Terms, the first applicable Disruption Fallback specified as a consequence of an FX Market Disruption Event shall apply (as if an FX Market Disruption Event had occurred), or, if none is specified, Calculation Agent Determination shall be deemed to apply; or

- (b) if the applicable Final Terms specifies that the EM Currency Provisions shall apply to a Currency Price, each Valuation Date specified in the applicable Final Terms (the "**Scheduled Valuation Date**" in respect of such Currency Price, if such day is an FX Business Day for such Currency Price, or if such day is not an FX Business Day only by reason of being an Unscheduled Holiday for such Currency Price), or the immediately preceding FX Business Day for such Currency Price, as determined by the Calculation Agent (the "**Scheduled Valuation Date**" in respect of such Currency Price, if such day is not an FX Business Day and is not an Unscheduled Holiday for such Currency Price), provided that such Valuation Date shall be subject to adjustment in accordance with Condition 3 and Condition 4 of these FX Linked Conditions.

"**Valuation Time**" means the Valuation Time specified in the applicable Final Terms.

#### 4. **CONSEQUENCES OF AN FX DISRUPTED DAY**

If the Calculation Agent determines that any Valuation Date or Averaging Date is an FX Disrupted Day, then the Currency Price for such Valuation Date or Averaging Date will be determined in accordance with the terms of the first applicable Disruption Fallback. The applicable Final Terms may provide that one or more Disruption Fallbacks may apply to any Valuation Date or Averaging Date and that such applicable Disruption Fallbacks may apply concurrently or sequentially, in such manner as specified in the applicable Final Terms.

#### 5. **EM CURRENCY PROVISIONS: UNSCHEDULED HOLIDAY**

- (a) If the applicable Final Terms provides that the EM Currency Provisions shall apply to a Currency Price or Fallback Reference Price, as applicable, and any Valuation Date or Averaging Date, and that Unscheduled Holidays shall be applicable, then, if the Calculation Agent determines that the relevant Scheduled Valuation Date or Scheduled Averaging Date, as applicable (each, a "**Scheduled Reference Date**"), is an Unscheduled Holiday for such Currency Price or Fallback Reference Price, then the Valuation Date or Averaging Date shall be postponed to the first FX Business Day falling after the Scheduled Reference Date (the "**Adjusted Scheduled Reference Date**"), provided that if such first FX Business Day has not occurred on or before the last day of the Maximum Days of Deferral, then the next day after the Last Deferred Day that would have been an FX Business Day but for a Unscheduled Holiday shall be deemed to be the Adjusted Scheduled Reference Date.
- (b) The following terms and expressions shall have the following meanings:

**"Last Deferred Day"** means, in respect of any postponement by a number of days equal to the Maximum Days of Deferral, the last day to which such day is postponed.

**"Maximum Days of Deferral"** means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

**"Unscheduled Holiday"** means, in respect of a Currency Price or Fallback Reference Price, as applicable, a day that is not an FX Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9.00 a.m., local time in the Specified Financial Centre in respect of such Currency Price or Fallback Reference Price, two FX Business Days prior to such day.

#### 6. **EM CURRENCY PROVISIONS: EM VALUATION POSTPONEMENT**

If the applicable Final Terms provides that the EM Currency Provisions shall apply to a Currency Price (which term shall include, where the Final Terms provides that the prior applicable Disruption Fallback is "*Fallback Reference Price*", the Currency Price determined using the applicable Fallback Reference Price) and any Valuation Date or Averaging Date, and that EM Valuation Postponement shall be applicable, then, if the Calculation Agent determines that the relevant Scheduled Reference Date (if the Scheduled Reference Date is not an Unscheduled Holiday for the Currency Price) or the Adjusted Scheduled Reference Date (if the Scheduled Reference Date is an Unscheduled Holiday for the Currency Price) is an FX Disrupted Day, then such Valuation Date or Averaging Date shall be the first FX Business Day which is not an FX Disrupted Day unless an FX Market Disruption Event continues to exist (measured from such Scheduled Reference Date or Adjusted Scheduled Reference Rate, as applicable) for a consecutive number of calendar days equal to the Maximum Days of EM Valuation Postponement. In that case, the Currency Price will be determined on the next FX Business Day after the Maximum Days of EM Valuation Postponement in accordance with the next applicable Disruption Fallback as specified in the applicable Final Terms.

Where:

**"Maximum Days of EM Valuation Postponement"** means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

#### 7. **EM CURRENCY PROVISIONS: EM FALLBACK VALUATION POSTPONEMENT**

If the applicable Final Terms provides that the EM Currency Provisions shall apply and that EM Fallback Valuation Postponement shall be applicable and where the Final Terms provides that the prior applicable Disruption Fallback is "*Fallback Reference Price*", if the Calculation Agent determines that the Currency Price (as determined by reference to the applicable Fallback Reference Price) is not available on (a) the first FX Business Day following the end of the Maximum Days of EM Valuation Postponement (where an FX Market Disruption Event has occurred or exists in respect of the Currency Price throughout the Maximum Days of EM Valuation Postponement) or (b) on the Adjusted Scheduled Reference Date (where the Adjusted Scheduled Reference Date



falls after the Last Deferred Day) then the Valuation Date or Averaging Date shall be the first succeeding FX Business Day which is not an FX Disrupted Day in respect of the Currency Price unless an FX Market Disruption Event continues to exist throughout the Fallback Maximum Period of Postponement. In that case, the Currency Price will be determined on the Last Fallback Postponement Date in accordance with the next applicable Disruption Fallback.

Where:

**"Fallback Maximum Period of Postponement"** means the period commencing on, and including:

- (a) if an FX Market Disruption Event has occurred or exists in respect of the Currency Price throughout the Maximum Days of EM Valuation Postponement, the first FX Business Day following the end of the Maximum Days of EM Valuation Postponement; or
- (b) if the Adjusted Scheduled Reference Date falls after the Last Deferred Day, the Adjusted Scheduled Reference Date, and ending on, and including, the third FX Business Day (or such other day as specified in the applicable Final Terms) following such date as specified in paragraphs (a) and (b) above, as applicable (such date, the **"Last Fallback Postponement Date"**).

#### 8. **EM CURRENCY PROVISIONS: CUMULATIVE EVENTS**

If the applicable Final Terms provides that the EM Currency Provisions shall apply to a Currency Price and any Valuation Date or Averaging Date, and that Cumulative Events shall be applicable, then the total number of consecutive calendar days during which (a) such Valuation Date or Averaging Date is deferred due to an Unscheduled Holiday, (b) an EM Valuation Postponement shall occur in respect of such Valuation Date or Averaging Date, or (c) an EM Fallback Valuation Postponement shall occur in respect of such Valuation Date or Averaging Date (or any combination of (a), (b) and (c)), shall not exceed the Maximum Days of Cumulative Postponement in the aggregate. Accordingly, (i) if such Valuation Date or Averaging Date is postponed by the number of calendar days equal to the Maximum Days of Cumulative Postponement owing to an EM Valuation Postponement or EM Fallback Valuation Postponement (or both), and an Unscheduled Holiday shall have occurred or be continuing on the day following the relevant Last Postponed Day that otherwise would have been an FX Business Day, then such day shall be deemed to be such Valuation Date or Averaging Date and (ii) if such Valuation Date or Averaging Date is postponed by the number of calendar days equal to the Maximum Days of Cumulative Postponement owing to Unscheduled Holidays, and on the first day after the Last Postponed Day, an applicable FX Market Disruption Event shall have occurred or be continuing, then the Currency Price in respect of such Valuation Date or Averaging Date or other relevant date shall be determined in accordance with the next applicable Disruption Fallback.

Where:

**"Last Postponed Day"** means, in respect of any postponement by a number of days equal to the Maximum Days of Cumulative Postponement, the last day to which such day is postponed; and

**"Maximum Days of Cumulative Postponement"** means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

## 9. CORRECTIONS TO PUBLISHED AND DISPLAYED RATES

- (a) In any case where a Currency Price is based on information obtained from the Reuters Monitor Money Rates Service, or any other financial information service, the Currency Price will be subject to the corrections, if any, to that information subsequently displayed by that source within one hour of the time when such rate is first displayed by such source, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.
- (b) Notwithstanding Condition 9(a) of these FX Linked Conditions, in any case where the Currency Price is based on information published or announced by any governmental authority in a relevant country, the Currency Price will be subject to the corrections, if any, to that information subsequently published or announced by that source within five calendar days of the relevant date, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.

## 10. SUCCESSOR CURRENCY

Where the applicable Final Terms specifies that "Successor Currency" is applicable in respect of a Currency Price, then:

- (a) each Subject Currency and Base Currency will be deemed to include any lawful successor currency to the Subject Currency or Base Currency (the "**Successor Currency**");
- (b) if the Calculation Agent determines that on or after the Issue Date (or such other date as specified in the applicable Final Terms) but on or before any relevant date under the Notes on which an amount may be payable, a country has lawfully eliminated, converted, redenominated or exchanged its currency in effect on the Issue Date or any Successor Currency, as the case may be (the "**Original Currency**") for a Successor Currency, then for the purposes of calculating any amounts of the Original Currency or effecting settlement thereof, any Original Currency amounts will be converted to the Successor Currency by multiplying the amount of Original Currency by a ratio of Successor Currency to Original Currency, which ratio will be calculated on the basis of the exchange rate set forth by the relevant country of the Original Currency for converting the Original Currency into the Successor Currency on the date on which the elimination, conversion, redenomination or exchange took place, as determined by the Calculation Agent. If there is more than one such date, the date closest to such relevant date will be selected (or such other date as may be selected by the Calculation Agent in its sole and absolute discretion);
- (c) notwithstanding paragraph (b) above but subject to paragraph (d) below, the Calculation Agent may (to the extent permitted by the applicable law), in good faith and in its sole and absolute discretion, select such other exchange rate or other basis for the conversion of an amount of the Original Currency to the

Successor Currency and, will make such adjustment(s) that it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Notes to account for such elimination, conversion, redenomination or exchange of the Subject Currency or Base Currency, as the case may be; and

- (d) notwithstanding the foregoing provisions, with respect to any Subject Currency or Base Currency that is substituted or replaced by the Euro, the consequences of such substitution or replacement will be determined in accordance with applicable law.

## 11. **REBASING OF NOTES**

If the applicable Final Terms specifies that "Rebasing" is applicable, then if, on or prior to any Valuation Date or Averaging Date or any other relevant date, the Calculation Agent is unable to obtain a value for a Subject Currency (because the Subject Currency and/or Base Currency ceases to exist, or for any other reason other than a temporary disruption, as determined by the Calculation Agent), the Calculation Agent may rebase the Notes against another foreign exchange rate determined by the Calculation Agent, in its sole and absolute discretion, to be a comparable foreign exchange rate. If the Calculation Agent determines in its sole and absolute discretion that there is not such a comparable foreign exchange rate, the Issuer may take the action described in Condition 12(a)(ii)(A) of these FX Linked Conditions, provided that the words "the Additional Disruption Event" in Condition 12(a)(ii)(A) of these FX Linked Conditions shall be deemed to be replaced with the words "the inability of the Calculation Agent to obtain a value for the Subject Currency".

## 12. **CONSEQUENCES OF AN ADDITIONAL DISRUPTION EVENT**

If the applicable Final Terms specifies that Additional Disruption Events shall be applicable, then:

- (a) following the determination by the Calculation Agent that an Additional Disruption Event has occurred, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
  - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of the Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) (A) in the case of Notes, give notice to Noteholders in accordance with Base Condition 12 and redeem all, but not less than all, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount;
- (b) upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with Base Condition 12 stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any

failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event; and

(c) the following terms and expressions shall have the following meanings:

**"Additional Disruption Event"** means any of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging.

**"Change in Law"** means that, on or after the Issue Date (or such other date as specified in the applicable Final Terms) of the Notes (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (A) it has become illegal to hold, acquire or dispose of any relevant currency or asset, or (B) the Issuer or any affiliate(s) of the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer's obligations under the Notes will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**"Hedging Disruption"** means that the Issuer or any entity (or entities) acting on behalf of the Issuer engaged in any underlying or hedging transactions in respect of the Issuer's obligations in relation to the Notes is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the currency or other price risk of the Issuer issuing and performing its obligations with respect to or in connection with the relevant Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the currency or other price risk of the Issuer issuing and performing its obligations with respect to the relevant Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

## CHAPTER 12 – DUAL CURRENCY NOTES

### TERMS AND CONDITIONS OF NOTES LINKED TO CURRENCIES

The following terms and conditions apply to Notes linked to currency exchange rates issued by the Issuer and comprise the Terms and Conditions of the Notes set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out below (the "**Dual Currency Conditions**"), any of the specific terms and conditions set out in Chapters 3, 4, 5, 7, 8 9, 10 and 11 (if applicable and so specified in the relevant Final Terms) and the specific terms and conditions for Physical Delivery Notes set out in Chapter 13 (if applicable), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Dual Currency Conditions, the Dual Currency Conditions set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Dual Currency Conditions and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. FINAL REDEMPTION

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, on the Maturity Date the Issuer shall pay the Final Redemption Amount, which shall be an amount payable per Note in a currency (the **Payment Currency**) different from the Relevant Currency determined by the Calculation Agent in accordance with the applicable Final Redemption Formula specified in the Final Terms, for which purposes:

"**Final Valuation Date**" means the date indicated as such in the applicable Final Terms;

"**Initial Valuation Date**" means the date (if any) indicated as such in the applicable Final Terms.

#### 2. INTEREST

Subject to any applicable automatic redemption and/or early redemption and/or put options and/or call options set forth in the Final Terms not having occurred prior to any applicable date specified therein, for the purposes of Base Condition 3(m) of the Base Conditions, the Interest Amount payable per Note on the relevant Interest Payment Date shall be an amount in a currency (the **Payment Currency**) different from the Relevant Currency, determined by the Calculation Agent by applying the Reference Exchange Rate to the amount that would have been payable in the Relevant Currency.

"**Interest Settlement Price**" means the Currency Price.

#### 3. DEFINITIONS

**Annex A to the 1998 FX and Currency Option Definitions** is the annex a) that for part of the 1998 FX and Currency Option Definitions as of 25 September 2000 which contains currency and currency spot rate definitions and certain other related definitions and provisions for the calculation of the Reference Exchange Rate by the Calculation Agent.

**Cumulative Postponement Longstop Date** means, in respect of any postponement by a number of days equal to the Maximum Days of Cumulative Postponement, the last day of such postponement.

**Currency Price** means, in relation to each Note, the Currency Price specified in the applicable Final Terms, or if not so specified in the applicable Final Terms, in respect of each Relevant Currency, an amount equal to the spot rate of exchange appearing on the FX Price Source at the Valuation Time on the relevant date for the exchange of such Relevant Currency into the Payment Currency (expressed as the number of units (or part units) of the Relevant Currency for which one unit of the Payment Currency can be exchanged).

**Disruption Fallback** means, in respect of the Reference Exchange Rate, Calculation Agent Determination, Currency Reference Dealers, EM Fallback Valuation Postponement, EM Valuation Postponement, Fallback Reference Price, Other Published Sources and Postponement. The applicable Disruption Fallback in respect of the Reference Exchange Rate shall be as specified in the applicable Final Terms, and if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Reference Exchange Rate cannot be determined by applying the first specified Disruption Fallback, then the next specified Disruption Fallback shall apply.

**EM Fallback Valuation Longstop Date** means, in respect of any postponement by a number of days equal to the Maximum Days of EM Valuation Fallback Postponement, the last day of such postponement.

**EM Valuation Longstop Date** means, in respect of any postponement by a number of days equal to the Maximum Days of EM Valuation Postponement, the last day of such postponement.

**FX Business Day** means, in relation to the Reference Exchange Rate, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits), or but for the occurrence of a FX Market Disruption Event would have settled payments and been open for general business in each of the Specified Financial Centers for the Reference Exchange Rate specified in the applicable Final Terms.

**FX Disrupted Day** means any day on which a FX Market Disruption Event occurs.

**FX Price Source(s)** means the price source(s) specified in the applicable Final Terms for the Reference Exchange Rate or if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page or publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

**Maximum Days of Cumulative Postponement** means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

**Maximum Days of EM Fallback Valuation Postponement** means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

**Maximum Days of EM Valuation Postponement** means such number of calendar days (or other type of days) as specified in the applicable Final Terms.

**Maximum Days of Postponement** means the number of calendar days (or other type of days) specified as such in the applicable Final Terms.

**Maximum Days of Unscheduled Holiday Postponement** means the number of calendar days (or other type of days) specified as such in the applicable Final Terms.

**Number of Rate Calculation Business Days** means the number of Rate Calculation Business Days specified as such in the applicable Final Terms.

**Rate Calculation Business Centre(s)** means each business centre that is relevant for determining whether a day is a Rate Calculation Business Day, as specified in the applicable Final Terms, provided that if no business centre is specified in the applicable Final Terms, the Rate Calculation Business Centre(s) shall be the Specified Financial Centers for the relevant currencies.

**Rate Calculation Business Day** means, unless otherwise specified in the applicable Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the Rate Calculation Business Centre(s).

**Rate Calculation Date** means, in respect of any Interest Payment Date or the Maturity Date or other date in which an Early Redemption Amount or Optional Redemption Amount or other amount is due, the day specified as such in the applicable Final Terms or, if no day is specified as such, the day falling the Number of Rate Calculation Business Days prior to such Interest Payment Date, Maturity Date or other date (as the case may be), provided that if any such day is an Unscheduled Holiday (if applicable) or an FX Disrupted Day, the Rate Calculation Date shall be determined in accordance with Condition (iv) (*FX Market Disruption Event Adjustment Provisions*) and Condition (v) (*EM Currency Provisions*) below;

**Reference Dealers** means, in respect of the relevant exchange market, four leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent (or any other number of dealers as specified in the applicable Final Terms).

**Reference Exchange Rate** means the spot rate of exchange of the Relevant Currency into the Payment Currency (expressed as the number of units (or part units) of the Payment Currency for which one unit of the Relevant Currency can be exchanged) appearing on the FX Price Source at the Valuation Time on the Rate Calculation Date or as calculated by the Calculation Agent pursuant to the Annex A to the 1998 FX and Currency Option Definitions.

**Specified Financial Centers** means the financial centre(s) specified in the applicable Final Terms.

**Unscheduled Holiday** means a day that is not an FX Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9.00 a.m., local time in the relevant Specified Financial Centre two FX Business Days prior to such day.

**Valuation Time** means time specified as such in the applicable Final Terms or, if no time is specified as such, the time selected by the Calculation Agent.

#### 4. **FX MARKET DISRUPTION EVENTS**

**FX Market Disruption Event** means in relation to the Reference Exchange Rate:

- (a) the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any FX Trading Suspension or Limitation and/or, if Currency Disruption Event is specified as applicable in the applicable Final Terms, any Currency Disruption Event; and
- (b) if the applicable Final Terms provides that the EM Currency Provisions shall apply, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any Price Materiality Event and/or, if Currency Disruption Event is specified as applicable in the Final Terms, any Currency Disruption Event.

For which purpose:

**Currency Disruption Event** means any of Inconvertibility, Non-Transferability and Dual Exchange Rate, each such term as defined below.

**Dual Exchange Rate** means the occurrence of an event that splits any currency exchange rate specified for the Reference Exchange Rate into dual or multiple currency exchange rates;

**FX Price Source Disruption** means (i) it becomes impossible or otherwise impracticable to obtain and/or execute the Reference Exchange Rate on the Rate Calculation Date or other relevant date or, if different, the day on which rates for that Rate Calculation Date would in the ordinary course be published or announced by the relevant FX Price Source and/or (ii) there is a failure by the relevant FX Price Source to publish any relevant price or rate;

**FX Trading Suspension or Limitation** means the suspension of and/or limitation of trading in the rate(s) required to calculate the Reference Exchange Rate (which may be, without limitation, rates quoted on any over-the-counter or quotation-based market, whether regulated or unregulated) provided that such suspension or limitation of trading is material in the opinion of the Calculation Agent;

**Inconvertibility** means the occurrence of any event that, from a legal or practical perspective, makes it or is likely to make it impossible and/or not reasonably practicable for the Issuer to convert one relevant currency into another through customary legal channels (including, without limitation, any event that has the direct or indirect effect of hindering, limiting or restricting convertibility by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriations of one currency into another currency);

**Non-Transferability** means, as determined by the Calculation Agent in its sole and absolute discretion, the occurrence of any event in or affecting any relevant jurisdiction



that makes it or is likely to make it impossible and/or not reasonably practicable for the issuer to deliver any relevant currency into a relevant account;

**Price Materiality Event** means, in respect of the Reference Exchange Rate and the Rate Calculation Date that the FX Price Source differs from the Fallback Reference Price by at least the Price Materiality Percentage (and if both an FX Price Source Disruption and a Price Materiality Event occur or exist on any day, it shall be deemed that an FX Price Source Disruption and not a Price Materiality Event occurred or existed on such day);

**Price Materiality Percentage** means the percentage specified as such in the applicable Final Terms.

## 5. **FX MARKET DISRUPTION EVENT ADJUSTMENT PROVISIONS**

### (a) *Consequences of FX Disrupted Days*

Without prejudice to the provisions of Conditions (ii) and (iii) above, if the Calculation Agent determines that any Rate Calculation Date is an FX Disrupted Day, the Issuer may, in its sole and absolute discretion, direct the Calculation Agent to determine the Reference Exchange Rate in respect of such Rate Calculation Date in accordance with the terms of the applicable Disruption Fallback(s). The applicable Final Terms may provide that one or more Disruption Fallbacks may apply, and if two or more Disruption Fallbacks are specified, unless otherwise provided in the applicable Final Terms, such Disruption Fallbacks shall apply in the order specified in the applicable Final Terms, such that if the Calculation Agent determines that the Reference Exchange Rate cannot be determined by applying the first specified Disruption Fallback, then the next specified Disruption Fallback shall apply.

If "*Unscheduled Holiday*" is specified as being applicable in the applicable Final Terms, the references to "*Rate Calculation Date*" in the paragraph immediately above shall be deemed to mean the Rate Calculation Date as postponed in accordance with Condition (v)(a) (*Unscheduled Holiday*) below.

### (b) *Disruption Fallbacks*

#### (A) *Calculation Agent Determination*

**Calculation Agent Determination** means, in respect of a Reference Exchange Rate that is affected by the occurrence of an FX Disrupted Day and any relevant day, that such Reference Exchange Rate for such relevant day (or a method for determining such Reference Exchange Rate) will be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant.

#### (B) *Currency Reference Dealers*

**Currency Reference Dealers** means, in respect of a Reference Exchange Rate that is affected by the occurrence of an FX Disrupted Day and any relevant day, that the Calculation Agent will request each

of the Reference Dealers to provide a quotation of its rate at which it will buy one unit of the Relevant Currency in units of the Payment Currency at the applicable Valuation Time on such relevant day. If, for any such rate, at least two quotations are provided, the relevant rate will be the arithmetic mean of the quotations. If fewer than two quotations are provided for any such rate, the relevant rate will be the arithmetic mean of the relevant rates quoted by major banks in the relevant market, selected by the Calculation Agent at or around the applicable Valuation Time on such relevant day.

(C) *Fallback Reference Price*

**Fallback Reference Price** means, in respect of a Reference Exchange Rate that is affected by an FX Disrupted Day, that the Calculation Agent will determine the Reference Exchange Rate in respect of such FX Disrupted Day pursuant to the alternate FX Price Source(s) specified as Fallback Reference Price(s) in the applicable Final Terms, applied in the order specified in the applicable Final Terms until a rate has been determined or all Fallback Reference Price(s) have been used.

(D) *Other Published Sources*

**Other Published Sources** means, in respect of a Reference Exchange Rate that is affected by an FX Disrupted Day, that the Calculation Agent will determine such Reference Exchange Rate on such FX Disrupted Day on the basis of the exchange rate for one unit of the Relevant Currency in terms of the Payment Currency published by available recognised financial information vendors (as selected by the Calculation Agent) other than the applicable FX Price Source, at or around the applicable Valuation Time on such relevant day.

(E) *Postponement*

**Postponement** means, in respect of a Rate Calculation Date, if such day (or, if applicable, if the original date on which such Rate Calculation Date is scheduled to fall is postponed on account of such original day not being a FX Business Day, such postponed day) is an FX Disrupted Day, then such Rate Calculation Date shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless the Calculation Agent determines that each of the consecutive FX Business Days equal in number to the Maximum Days of Postponement immediately following such Rate Calculation Date is an FX Disrupted Day. In that case (i) the last consecutive FX Business Day shall be deemed to be the Rate Calculation Date (notwithstanding the fact that such day may be an FX Disrupted Day) and (ii) the next applicable Disruption Fallback shall apply.

## 6. EM CURRENCY PROVISIONS

### (a) *Unscheduled Holiday*

If "*Unscheduled Holiday*" is specified to be applicable in the applicable Final Terms in respect of the Reference Exchange Rate, if the Calculation Agent determines that a Rate Calculation Date is an *Unscheduled Holiday* in respect of the Reference Exchange Rate, then the Rate Calculation Date in respect of such Reference Exchange Rate shall be the first succeeding FX Business Day which is not an *Unscheduled Holiday*, unless the Calculation Agent determines that such first FX Business Day has not occurred on or before the date falling the Maximum Days of *Unscheduled Holiday Postponement* immediately following such Rate Calculation Date. In that case, the next day after that period that would be an FX Business Day but for an *Unscheduled Holiday* shall be deemed to be the Rate Calculation Date (such date, the **Adjusted Rate Calculation Date**).

### (b) *Additional Disruption Fallbacks*

In addition to the Disruption Fallbacks set out in Condition (iv)(b) (*FX Market Disruption Event Adjustment Provisions – Disruption Fallbacks*) above, the applicable Final Terms may also specify any of the following additional Disruption Fallbacks to apply in respect of a Reference Exchange Rate:

#### (A) *EM Valuation Postponement*

**EM Valuation Postponement** means, in respect of a Reference Exchange Rate (which term shall include, where the applicable Final Terms provide that the prior applicable Disruption Fallback is "Fallback Reference Price", the Reference Exchange Rate determined using the applicable Fallback Reference Price), that if the Calculation Agent determines that any Rate Calculation Date is an FX Disrupted Day in respect of such Reference Exchange Rate, then the Rate Calculation Date shall be the first FX Business Day which is not an FX Disrupted Day, unless the Calculation Agent determines that no such FX Business Day has occurred on or before the Maximum Days of EM Valuation Postponement immediately following such Rate Calculation Date. In that case, the next FX Business Day after the EM Valuation Longstop Date shall be deemed to be the Rate Calculation Date (notwithstanding the fact that such day may be an FX Disrupted Day) and the next Disruption Fallback specified in the applicable Final Terms in respect of such Reference Exchange Rate shall apply.

#### (B) *EM Fallback Valuation Postponement*

**EM Fallback Valuation Postponement** means, in respect of a Reference Exchange Rate (which term shall include, where the applicable Final Terms provide that the prior applicable Disruption Fallback is "*Fallback Reference Price*", the Reference Exchange Rate determined using the applicable Fallback Reference Price), that if the Calculation Agent determines that the Reference Exchange Rate (as

determined by reference to the applicable Fallback Reference Price) is not available on (a) the first FX Business Day following the end of the Maximum Days of EM Valuation Postponement (where an FX Market Disruption Event has occurred or exists in respect of the Reference Exchange Rate throughout the Maximum Days of EM Valuation Postponement) or (b) the Adjusted Rate Calculation Date (as defined in Condition (v)(a) above), then the Rate Calculation Date shall be the first succeeding FX Business Day which is not an FX Disrupted Day, unless the Calculation Agent determines that no such FX Business Day has occurred on or before the Maximum Days of EM Fallback Valuation Postponement immediately following such first FX Business Day following the end of the Maximum Days of EM Valuation Postponement or the Adjusted Rate Calculation Date, as the case may be. In that case, the next FX Business Day after the EM Fallback Valuation Longstop Date shall be deemed to be the Rate Calculation Date (notwithstanding the fact that such day may be an FX Disrupted Day) and the next Disruption Fallback specified in the applicable Final Terms in respect of such Reference Exchange Rate shall apply.

(c) ***Cumulative Events***

If **Cumulative Events** is specified to be applicable in the applicable Final Terms in respect of a Reference Exchange Rate (which term shall include, where the applicable Final Terms provide that the prior applicable Disruption Fallback is "*Fallback Reference Price*", the Reference Exchange Rate determined using the applicable Fallback Reference Price), then the total number of consecutive calendar days during which such Rate Calculation Date is deferred due to (i) an Unscheduled Holiday, (ii) an EM Valuation Postponement or (iii) an EM Fallback Valuation Postponement (or any combination of (i), (ii) and (iii)), shall not exceed the Maximum Days of Cumulative Postponement in the aggregate.

Accordingly, if by the operation of the paragraph immediately above, a Rate Calculation Date is postponed by the number of calendar days equal to the Maximum Days of Cumulative Postponement, then such Rate Calculation Date shall be the Cumulative Longstop Date. If such Cumulative Postponement Longstop Date is an FX Disrupted Day or an Unscheduled Holiday, then the Calculation Agent shall determine the Reference Exchange Rate in respect of such Cumulative Postponement Longstop Date in accordance with the next applicable Disruption Fallback.

7. **CORRECTION TO PUBLISHED AND DISPLAYED RATES**

In any case where the Reference Exchange Rate is based on information obtained from the Reuters Monitor Money Rates Service, or any other financial information service, the Reference Exchange Rate will be subject to the corrections, if any, to that information subsequently displayed by that source within one hour of the time when such rate is first displayed by such source, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.

## 8. SUCCESSOR CURRENCY

Where the applicable Final Terms specifies that "*Successor Currency*" is applicable in respect of the Reference Exchange Rate, then:

- (a) each Relevant Currency and Payment Currency will be deemed to include any lawful successor currency to the Relevant Currency or Payment Currency (the Successor Currency);
- (b) if the Calculation Agent determines that on or after the Issue Date but on or before any relevant date on which an amount may be payable in respect of Dual Currency Notes, a country has lawfully eliminated, converted, redenominated or exchanged its currency in effect on the Issue Date or any Successor Currency, as the case may be (the Original Currency) for a Successor Currency, then for the purposes of calculating any amounts of the Original Currency or effecting settlement thereof, any Original Currency amounts will be converted to the Successor Currency by multiplying the amount of Original Currency by a ratio of Successor Currency to Original Currency, which ratio will be calculated on the basis of the exchange rate set forth by the relevant country of the Original Currency for converting the Original Currency into the Successor Currency on the date on which the elimination, conversion, redenomination or exchange took place, as determined by the Calculation Agent. If there is more than one such date, the date closest to such relevant date will be selected (or such other date as may be selected by the Calculation Agent in its sole and absolute discretion);
- (c) notwithstanding paragraph (b) above but subject to paragraph (d) below, the Calculation Agent may (to the extent permitted by the applicable law), in good faith and in its sole and absolute discretion, select such other exchange rate or other basis for the conversion of an amount of the Original Currency to the Successor Currency and, will make such adjustment(s) that it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Securities to account for such elimination, conversion, redenomination or exchange of the Relevant Currency or Payment Currency, as the case may be; and
- (d) notwithstanding the foregoing provisions, with respect to any Relevant Currency or Payment Currency that is substituted or replaced by the Euro, the consequences of such substitution or replacement will be determined in accordance with applicable law.

## CHAPTER 13 – PHYSICAL DELIVERY NOTES

### GENERAL TERMS FOR PHYSICAL DELIVERY NOTES

The terms and conditions applicable to Physical Delivery Notes issued by the Issuer shall comprise the Terms and Conditions of the Notes set out in Chapter 2 (the "**Base Conditions**"), the specific terms and conditions set out in Chapters 3, 4, 5, 7, 8, 9, 10 and 11 (as applicable) and the specific terms and conditions set out below (the "**Physical Delivery Notes Conditions**"), in each case subject to completion and/or amendment in the applicable Final Terms. The Final Terms shall comprise the general form of Final Terms set out in Part 2 of Chapter 2, completed to reflect the particular terms of the relevant Notes and their issue. In the event of any inconsistency between the Base Conditions and the Physical Delivery Notes Conditions, the Physical Delivery Notes Conditions shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the Physical Delivery Notes Conditions; and (ii) the Final Terms, the Final Terms shall prevail.

#### 1. **APPLICABILITY**

These Physical Delivery Notes Conditions shall not apply in respect of Credit Linked Notes (in respect of which physical settlement should be governed by Condition 5 of the Credit Linked Notes Conditions).

#### 2. **FINAL REDEMPTION AND MATURITY DATE**

Base Condition 4(b) (*Redemption, Purchase and Options*) shall not apply and instead the provisions of this Physical Delivery Note Condition 2 shall apply.

Unless previously redeemed, purchased and cancelled as provided below in accordance with Base Condition 4(f) (*Redemption at the option of the Issuer*) or Base Condition 4(g) (*Redemption at the option of holders of Notes*) or unless its maturity is extended pursuant to an option of the Issuer or holders of Notes, each Note will be redeemed by delivery of the Entitlement (subject as provided below) specified in or determined in the manner specified in the applicable Final Terms on the Maturity Date.

#### 3. **DELIVERY OF ENTITLEMENT AND ASSET TRANSFER NOTICES**

In order to obtain delivery of the Entitlement(s) in respect of any Note:

- (i) if such Note is represented by a Global Note, the relevant Holder must deliver to Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system (as applicable), with a copy to the Fiscal Agent and the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice substantially in the form set out in the Issue and Paying Agency Agreement (the "**Asset Transfer Notice**"); and
- (ii) if such Note is in definitive form, the relevant Holder must deliver to any Paying Agent, with a copy to the Fiscal Agent and the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, as the case may be or (ii) if such Note is in definitive form, in writing.

If such Note is in definitive form, such Note must be delivered together with the duly completed Asset Transfer Notice.

The Issuer shall at the risk of the relevant Holder deliver the Entitlement in respect of each Note in such commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery.

All expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities, transfer and/or other taxes or duties (together "**Expenses**") arising from the redemption of the Notes and the delivery of any Entitlement shall be for the account of the relevant Holder and no delivery and/or transfer of any Entitlement shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.

An Asset Transfer Notice must:

- (i) specify the name, address and contact telephone number of the relevant Holder and the person from whom the Issuer may obtain details for the delivery of the Entitlement if such delivery is to be made otherwise than in the manner specified in the applicable Final Terms;
- (ii) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Holder's account at Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, as the case may be, to debit the relevant Holder's account with such Notes on or before the Maturity Delivery Date (as defined below);
- (iii) include an undertaking to pay all Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Holder at Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, as the case may be, in respect thereof and to pay such Expenses;
- (iv) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Holder's account to be credited with any cash payable by the Issuer, in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement, as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or Failure to Deliver Settlement Price, as applicable;

- (v) certify that the beneficial owner of each Note is not a United States Person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a United States Person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a United States Person in connection with any redemption thereof; and
- (vi) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system or a Paying Agent as provided above. After delivery of an Asset Transfer Notice, the relevant Holder may not transfer the Notes which are the subject of such notice.

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, as the case may be, shall verify that the person specified therein as the Holder is the holder of the specified nominal amount of Notes according to its books.

Subject thereto, Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, as the case may be, will confirm to the Fiscal Agent the series number and number of Notes the subject of such notice, the relevant account details (if applicable) and the details for the delivery of the Entitlement in respect of each such Note. Upon receipt of such confirmation, the Fiscal Agent will inform the Issuer thereof. Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, as the case may be, will on or before the Maturity Delivery Date debit the securities account of the relevant Holder with the Notes the subject of the relevant Asset Transfer Notice.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Physical Delivery Notes Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, as the case may be, after consultation with the Fiscal Agent and the Issuer and shall be conclusive and binding on the Issuer, the Guarantor and the relevant Holder or in the case of Notes in definitive form, by the relevant Paying Agent after consultation with the Fiscal Agent and the Issuer and shall be conclusive and binding on the Issuer, the Guarantor and the relevant Holder.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, as the case may be, or the relevant Paying Agent, in each case in consultation with the Fiscal Agent and the Issuer, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system or the relevant Paying Agent, as applicable, shall use its best efforts promptly to notify the Holder submitting an Asset Transfer Notice if, in consultation with the Fiscal Agent and the Issuer, it has determined that such Asset Transfer Notice is incomplete or not



in proper form. In the absence of negligence or willful misconduct on its part, none of the Issuer, the Guarantor, the Paying Agents, Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system or the Fiscal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

The Entitlement will be delivered at the risk of the relevant Holder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with these Physical Delivery Notes Conditions, the "**Maturity Delivery Date**"), provided that the Asset Transfer Notice is duly delivered to Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system or a Paying Agent, as the case may be, with a copy to the Fiscal Agent and the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date.

If an Asset Transfer Notice is delivered to Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system or a Paying Agent, as the case may be, with a copy to the Fiscal Agent and the Issuer, later than the close of business in each place of receipt on the Cut-Off Date, then the Entitlement will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Maturity Delivery Date) at the risk of such Holder in the manner provided above. For the avoidance of doubt, in such circumstances such Holder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Maturity Delivery Date falling after the originally designated Maturity Date and no liability in respect thereof shall attach to the Issuer or the Guarantor. If in respect of a Note an Asset Transfer Notice is not delivered to Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system or a Paying Agent, as the case may be, with a copy to the Fiscal Agent and the Issuer, later than the close of business in each place of receipt on the 90<sup>th</sup> calendar day following the Cut-off Date the Issuer's obligations in respect of such Note and the Guarantor's obligations in respect of the Guarantee in respect of such Note shall be discharged and no further liability in respect thereof shall attach to the Issuer or the Guarantor.

Delivery of the Entitlement in respect of the Notes is subject to all applicable laws, regulations and practices in force on the Maturity Delivery Date and none of the Issuer, the Guarantor or any of its Affiliates or agents and the Paying Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Guarantor or any of its Affiliates or agents and the Paying Agents shall under any circumstances be liable for any acts or defaults of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system in relation to the performance of their duties in relation to the Notes.

For such period of time after the Maturity Delivery Date as any person other than the relevant Holder shall continue to be the legal owner of the securities, obligations comprising the Entitlement (the "**Intervening Period**"), none of the Issuer, the Guarantor nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Note any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities, obligations, (ii) be under any obligation to exercise or procure exercise of any or all

rights (including voting rights) attaching to such securities, obligations during the Intervening Period or (iii) be under any liability to the relevant Holder, or any subsequent beneficial owner of such Note in respect of any loss or damage which the relevant Holder, or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such securities, obligations or Deliverable Obligations during such Intervening Period.

Where the Entitlement comprises shares, any dividend or other distribution in respect of such Entitlement will be payable to the party that would receive such dividend or other distribution according to market practice for a sale of the Share executed on the Maturity Delivery Date and to be delivered in the same manner as the Entitlement. Any such dividend or other distribution to be paid to a Holder shall be paid to the account specified in the relevant Asset Transfer Notice.

Where the Entitlement is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Holders will receive an Entitlement comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Entitlements), and in respect of the amount of Relevant Assets not capable of being delivered, an amount in the Relevant Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted if necessary into the Relevant Currency by reference to such exchange rate as the Calculation Agent deems appropriate).

#### 4. **SETTLEMENT DISRUPTION EVENT**

The provisions of this Physical Delivery Note Condition 4 shall apply to Physical Delivery Notes. If, prior to the delivery of the Entitlement in accordance with these Physical Delivery Notes Conditions, a Settlement Disruption Event is subsisting, then the Maturity Delivery Date in respect of such Note shall be postponed until the next Settlement Business Day on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Holder, in accordance with Base Condition 12. Such Holder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Entitlement pursuant to these Physical Delivery Notes Conditions. Where delivery of the Entitlement has been postponed as provided in these Physical Delivery Notes Conditions the Issuer shall not be in breach of these Physical Delivery Notes Conditions and no liability in respect thereof shall attach to the Issuer or the Guarantor.

For so long as delivery of the Entitlement in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Holder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the "**Election Notice**") is given to the Holders in accordance with Base Condition 12.

## 5. **FAILURE TO DELIVER DUE TO ILLIQUIDITY**

If Failure to Deliver due to Illiquidity is specified as applying in the applicable Final Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Entitlement (the "**Affected Relevant Assets**"), where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a "**Failure to Deliver due to Illiquidity**"), then:

- (i) subject as provided elsewhere in the Physical Delivery Notes Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Maturity Delivery Date in accordance with the Physical Delivery Notes Conditions; and
- (ii) in respect of any Affected Relevant Assets, notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Holder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date the Failure to Deliver Notice (as defined below) is given to the Holders in accordance with Base Condition 12. The Issuer shall give notice (such notice a "**Failure to Deliver Notice**") as soon as reasonably practicable to the Holders in accordance with Base Condition 12 that the provisions of this Physical Delivery Note Condition 5 apply.

## 6. **OPTION TO VARY SETTLEMENT**

If the applicable Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may at its sole and unfettered discretion in respect of each such Note, elect not to pay the relevant Holders the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Holders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Holders, as the case may be. Notification of such election will be given to Holders in accordance with Condition 12.

## 7. **DEFINITIONS**

For the purposes of these Physical Delivery Notes Conditions:

**"Disruption Cash Settlement Price"** means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount equal to the fair market value of such Notes (but not taking into account any interest accrued on such Note and paid pursuant to Base Condition 3 and Base Condition 5) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 calendar days before the date that the Election Notice is given as provided above less the cost to the Issuer and/or its Affiliates or agents of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

**"Entitlement"** means, in relation to a Physical Delivery Note (other than a Credit Linked Note), the quantity of the Relevant Asset or the Relevant Assets, as the case

may be, which a Holder is entitled to receive on the Maturity Delivery Date in respect of each such Note following payment of the Expenses, which quantity will be rounded down as provided in Physical Delivery Note Term 3, as determined by the Calculation Agent and includes any documents evidencing such Entitlement.

**"Failure to Deliver Settlement Price"** means, in respect of each nominal amount of the Notes equal to the Calculation Amount, the fair market value of the Affected Relevant Assets in respect of such Notes on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given as provided above, less the cost to the Issuer and/or its Affiliates or agents of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

**"Settlement Disruption Event"** means an event beyond the control of the Issuer or, if applicable, the Guarantor, as a result of which, in the opinion of the Calculation Agent or, if applicable, the Guarantor, delivery of the Entitlement by or on behalf of the Issuer or the Guarantor, as the case may be, in accordance with the Physical Delivery Notes Conditions and/or the applicable Final Terms is not practicable.

## CHAPTER 14

### PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

#### Provisions relating to Notes while in Global Form

##### *Clearing System Accountholders*

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary (in the case of a CGN) or a common safekeeper (in the case of an NGN) for Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

##### *Exchange of Temporary Global Notes*

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and (in the case of an NGN) effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary

Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (Luxembourg time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (Luxembourg time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (b) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deeds of Covenant. Under the Deeds of Covenant, persons shown in the records of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the relevant Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system.

Where the Notes are listed on the Euronext Dublin and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Base Condition 12 (*Notices*).

#### *Exchange of Permanent Global Notes*

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and, where applicable, with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deeds of Covenant). Under the relevant Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the relevant Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system.

Where the Notes are listed on the Euronext Dublin and its rules so require, the relevant Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Base Condition 12 (*Notices*).

#### *Conditions applicable to Global Notes*

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the relevant Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the relevant Issuer shall procure that, in respect of a CGN, the payment is noted on a schedule thereto and, in respect of an NGN, the payment is entered *pro rata* in the records of Euroclear and Clearstream Luxembourg.

*Exercise of put option:* In order to exercise the option contained in Base Condition 4(f) (*Redemption at the option of holders of Notes*), the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Base Condition 4(e) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the relevant Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system (to be reflected in the records of Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, at their discretion, as either a pool factor or a reduction in principal amount).

*Notices:* Notwithstanding Condition 12 (*Notices*) of the Base Conditions, while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary, common depositary or common safekeeper (as the case may be) for Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 12 (*Notices*) of the Base Conditions, on the date of delivery to Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system; *provided, however, that*, so long as the Notes are listed on the Official List of the Euronext Dublin and its rules so require, notices will also be published in a leading newspaper having general circulation in Ireland or on the website of the Euronext Dublin ([www.ise.ie](http://www.ise.ie)).



## **USE OF PROCEEDS**

The net proceeds of the issue of each Tranche of Notes will be used for the general corporate purposes of the relevant Issuer.

## INFORMATION ON MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.P.A.

*This section of the Base Prospectus reflects the contents of certain information contained in the audited consolidated annual financial statements of Mediobanca and the audited non-consolidated annual financial statements of Mediobanca International as at and for the years ended 30 June 2019 and 2018.*

### History and development of Mediobanca

#### *Legal status and information*

Mediobanca – Banca di Credito Finanziario S.p.A. was set up on 10 April 1946 by virtue of a notarial deed drawn up by Notary public Arturo Lovato, file no. 3041/52378. Mediobanca is a joint stock company incorporated under Italian law registered in the Milan-Monza-Brianza-Lodi Companies' Register under Registration no. 00714490158 having its registered office and administrative headquarters in Piazzetta Enrico Cuccia 1, 20121 Milan, Italy, tel. No.: (0039) 02-88291. The LEI code of Mediobanca is: PSNL19R2RXX5U3QWHI44. Mediobanca operates under Italian law, and the court of Milan has jurisdiction over any disputes arising against it.

#### *Important events in Mediobanca's recent history*

Neither Mediobanca nor any company in the Group have carried out transactions that have materially affected or that might be reasonably expected to materially affect, Mediobanca's ability to meet its obligations towards third parties.

On 12 November 2019, the Board of Directors of Mediobanca has approved and published the 2019/2023 strategic plan, setting out certain objectives to be achieved within June 2023, based on the growth of highly-profitable banking activities and the development of all the Mediobanca Group divisions (Wealth Management, Consumer Banking and Corporate & Investment Banking).

Following the downgrade by Fitch of the Republic of Italy's sovereign ratings announced on 28 April 2020, as at 5 June 2020, Fitch rated Mediobanca F3 (short-term Issuer Default Rating "IDR"), BBB- (long-term IDR) and stable (outlook) – see [www.mediobanca.com/en/investor-relations/financing-rating/rating.html](http://www.mediobanca.com/en/investor-relations/financing-rating/rating.html).

As at 29 October 2020, S&P rated Mediobanca A-2 (short-term Issuer Credit Rating "ICR"), BBB (long-term ICR), BBB (long-term ICR) and negative (outlook) – see [www.mediobanca.com/en/investor-relations/financing-rating/rating.html](http://www.mediobanca.com/en/investor-relations/financing-rating/rating.html).

As at 14 October 2020 Moody's rated Mediobanca P-2 (short-term Counterparty Risk and Deposits Rating), Baa1 (long-term Counterparty Risk and Deposits Rating) and stable (outlook) – see [www.mediobanca.com/en/investor-relations/financing-rating/rating.html](http://www.mediobanca.com/en/investor-relations/financing-rating/rating.html).

For an explanation of the rating given by S&P please see below the S&P rating scale:

<p align="center"><b>LONG TERM</b> obligations with an original maturity of more than one year</p>	<p align="center"><b>SHORT TERM</b> obligations with an original maturity of no more than one year</p>
<p align="center"><b>Investment grade</b></p> <p>AAA The obligor's capacity to meet its financial commitment on the obligation is extremely strong.</p> <p>AA The obligor's capacity to meet its financial commitment on the obligation is very strong. An obligation rated 'AA' differs from the highest-rated obligations only to a small degree.</p> <p>A The obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.</p> <p>BBB The obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.</p>	<p align="center"><b>Investment grade</b></p> <p>A-1 The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.</p> <p>A-2 The obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.</p> <p>A-3 The obligation exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.</p>

(Source: Standard & Poor's)

<p align="center"><b>LONG TERM</b> obligations with an original maturity of more than one year</p>	<p align="center"><b>SHORT TERM</b> obligations with an original maturity of less than one year</p>
<p align="center"><b>Speculative grade</b></p> <p>BB The obligation is less vulnerable to nonpayment than other speculative issues.</p>	<p align="center"><b>Speculative grade</b></p> <p>B The obligation is regarded as having significant speculative characteristics. The</p>

<p>However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.</p>	<p>obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.</p>
<p>B</p>	<p>B -1</p>
<p>The obligation is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.</p>	<p>The obligation is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.</p>
<p>CCC</p>	<p>B -2</p>
<p>The obligation is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.</p>	<p>The obligation is regarded as having significant speculative characteristics, and the obligor has an average speculative-grade capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.</p>
<p>CC</p>	<p>B -3</p>
<p>The obligation is currently highly vulnerable to nonpayment.</p>	<p>The obligation is regarded as having significant speculative characteristics, and the obligor has a relatively weaker capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.</p>
<p>C</p>	<p>C</p>
<p>A 'C' rating is assigned to obligations that are currently highly vulnerable to nonpayment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default.</p>	<p>The obligation is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.</p>
<p>D</p>	<p>D</p>
<p>The obligation is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard &amp; Poor's believes</p>	<p>The obligation is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard &amp; Poor's believes that such payments will be made during such grace period.</p>

that such payments will be made during such grace period.	
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NB: ratings from "AA" to "CCC" inclusive can be modified by adding the "+" or "-" minus sign to specify the position.

For an explanation of the rating given by Fitch please see below the Fitch rating scale:

LONG TERM obligations with an original maturity of more than one year	SHORT TERM obligations with an original maturity of no more than one year
<b>Investment grade</b>	<b>Investment grade</b>
<p><b>AAA</b></p> <p>Denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.</p> <p><b>AA</b></p> <p>Denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.</p> <p><b>A</b></p> <p>Denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings</p> <p><b>BBB</b></p> <p>Indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.</p>	<p><b>F-1</b></p> <p>Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.</p> <p><b>F-2</b></p> <p>Good intrinsic capacity for timely payment of financial commitments.</p> <p><b>F-3</b></p> <p>The intrinsic capacity for timely payment of financial commitments is adequate.</p>

(Source: Fitch Ratings)

<p style="text-align: center;"><b>LONG TERM</b> obligations with an original maturity of more than one year</p>	<p style="text-align: center;"><b>SHORT TERM</b> obligations with an original maturity of less than one year</p>
<p style="text-align: center;"><b>Speculative grade</b></p> <p><b>BB</b></p> <p>Indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.</p> <p><b>B</b></p> <p>Indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.</p> <p><b>CCC</b></p> <p>Default is a real possibility.</p> <p><b>CC</b></p> <p>Default of some kind appears probable.</p> <p><b>C</b></p> <p>Default is imminent or inevitable, or the issuer is in standstill.</p> <p><b>RD</b></p> <p>Indicate an issuer that in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure, or which has otherwise ceased business.</p>	<p style="text-align: center;"><b>Speculative grade</b></p> <p><b>B</b></p> <p>Minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.</p> <p><b>C</b></p> <p>Default is a real possibility.</p> <p><b>RD</b></p> <p>Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Applicable to entity ratings only.</p> <p><b>D</b></p> <p>Indicates a broad-based default event for an entity, or the default of a short-term obligation.</p>

For an explanation of the rating given by Moody's please see below the Moody's rating scale:

<b>LONG TERM</b> obligations with an original maturity of more than one year
<p><b>Aaa</b></p> <p>Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.</p>
<p><b>Aa</b></p> <p>Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.</p>
<p><b>A</b></p> <p>Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.</p>
<p><b>Baa</b></p> <p>Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.</p>
<p><b>Ba</b></p> <p>Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.</p>
<p><b>B</b></p> <p>Obligations rated B are considered speculative and are subject to high credit risk.</p>
<p><b>Caa</b></p> <p>Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.</p>
<p><b>Ca</b></p> <p>Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.</p>
<p><b>C</b></p> <p>Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.</p>

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.

(Source: *Moody's*)

S&P Global Ratings Europe Limited (formerly, Standard & Poor's Credit Market Services Italy S.r.l.) ("**S&P**"), Fitch Ratings Ireland Limited ("**Fitch**") and Moody's France S.A.S. ("**Moody's**") are credit rating agencies which are established in the European Community and have been registered in accordance with Regulation (EC) No. 1060/2009 (as subsequently

amended and supplemented) (the "CRA"). As such, S&P, Fitch and Moody's are included in the latest list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA – see [www.esma.europa.eu/supervision/creditrating-agencies/risk](http://www.esma.europa.eu/supervision/creditrating-agencies/risk).

## **Business Overview**

### *Principal activities*

As provided in Article 3 of the company's Articles of Association, the purpose of the company is to raise funds and provide credit in any of the forms permitted, especially medium- and long-term credit to corporates.

In complying with the regulatory provisions in force, the company may perform all banking, financial and brokerage operations and services, and any other operation instrumental or otherwise related to the achievement of its corporate purpose.

The Mediobanca Group's are segmented as follows:

- **Wealth Management (WM):** this division brings together all asset management activities provided to clients in the following segments:
  - *Affluent & Premier*, served by CheBanca!;
  - *Private & HNWI*, served in Italy by Mediobanca Private Banking, and in the Principality of Monaco by Compagnie Monégasque de Banque, including fiduciary activities performed by Spafid, Spafid Family Office SIM and Spafid Trust;
  - *Asset Management*, the principal entities in which are the product factories Cairn Capital (alternative AM), RAM Active Investments (alternative AM), Mediobanca Management Company and Mediobanca SGR.
- **Corporate & Investment Banking (CIB):** this division brings together all services provided to corporate clients:
  - *Wholesale Banking (WB):* Client Business (lending, advisory, capital markets activity) and proprietary trading performed by Mediobanca, Mediobanca International, Mediobanca Securities and Messier Maris & Associés;
  - *Specialty Finance*, which comprises factoring and credit management (including acquisition and management of NPL portfolios) performed by MBFACTA, MB Credit Solutions and the newly-set up MBContact Solutions.
- **Consumer Banking (CB):** this division provides retail clients with the full range of consumer credit products, ranging from personal loans to salary-backed finance (Compass and Futuro). It also includes Compass RE, which reinsures risks linked to the insurance policies sold to clients, and the newly-established Compass Rent, which rents out moveable assets, in particular second-hand vehicles;



- **Principal Investing (PI):** this division brings together the Group's portfolio of equity investments and holdings, including the stake in Assicurazioni Generali;
- **Holding Functions:** this division houses, in addition to SelmaBipiemme Leasing, MIS, Spafid Connect, Ricerche e Studi and Prominvestment, the Group's centralised cost centres, including the Group's Treasury and ALM activities (with the objective of optimizing funding and liquidity management on a consolidated basis, including securities held as part of the banking book), operations, support functions (planning and financial reporting, corporate affairs, investor relations, etc.), senior company management and the control units (Risk Management, Group Audit and Compliance) for the share not attributable to the other business lines.

As at 30 June 2020, Mediobanca had a market capitalization of approx. €5.7bn.

### **Consolidated financial information as at 30/06/2020**

<b>Profit and loss account (€m)</b>	<b>Corporate &amp; Investment Banking</b>	<b>Consumer</b>	<b>Wealth Management</b>	<b>Principal investing</b>	<b>Holding Functions</b>	<b>Total</b>
Net interest income	271.4	948	271.0	-7.1	-55.0	1,442.2
Total income	575.1	1,070.6	583.8	312.8	-6.9	2,513.0
Profit before tax	275.4	438.0	113.8	297.6	-259.3	795.3
Net profit	180.7	296.6	80.4	295.0	-183.7	600.4

\* Source: Mediobanca audited consolidated annual financial statement as at and for the year ended on 30 June 2020

### **Affluent & Premier - CheBanca!**

Mediobanca operates in retail banking through its subsidiary CheBanca!. This subsidiary, launched in 2008, effectively served as retail deposit gatherer for the Mediobanca Group throughout the financial crisis. In the last six it has developed a distribution model which is innovative, transparent and with high technology content, while at the same time refocusing its mission from deposit gatherer to wealth manager), and now has TFAs of €27.8bn.

Today CheBanca! is distinguished by its:

- High brand recognition;
- Effective, innovative multi-channel distribution (internet, 192 own branches/POS, 414 FAs and 454 relationship managers);
- Substantial customer base (approx. 880,000 clients);
- Strong commercial results: €15.3bn in deposits, €12.5bn in AUM, and a loan book of €10.2bn in mortgage lending.

At 30 June 2020, the company employed a total of 1,430 staff.

### **Private & HNWI**

The product/service offering to clients is split between:

- **MB Private Banking** offers private banking services through its 85 bankers and nine branch offices, working to help **develop** asset management activities and the mid-cap platform. The Mediobanca Private Banking product offering for high net worth clients includes portfolio management, advisory and financing services. Independence, operational autonomy, focus on private banking activities, and excellence and quality of service, are the hallmarks of a bank which has approx. €15bn in assets under management at its branches in Bergamo, Bologna, Brescia, Cesena, Florence, Genoa, Milan, Padua, Parma, Rome, Turin and Treviso.
- **Compagnie Monégasque de Banque ("CMB")** is 100%-owned by Mediobanca. Compagnie Monégasque de Banque, a market leader in the private banking sector in the Principality of Monaco, has assets under management of approximately €11bn. Its geographical position, indepth knowledge of markets and absolute independence make it a player of primary importance, able to provide exclusive services to its clientèle, ranging from loans to asset management.
- **Spafid**, 100%-owned by Mediobanca, this company provides fiduciary administration services for equity investments, stock market investments and fiduciary services for issuers.

### **MB Asset Management**

The product factories forming part of the Wealth Management division include Cairn Capital, RAM Active Investments and MB SGR.

- **Cairn Capital**, a 51% stake in which was completed in December 2015 (the percentage stake currently owned is 70.9%<sup>5</sup>), is an asset manager and advisor based in London, specializing in credit products.
- **RAM Active Investments**, a 69% stake in which was acquired in March 2018, is one of the leading European systematic asset managers, offering alternative funds to a vast range of institutional and professional investors.
- **Mediobanca SGR**, set up in 2017 following the merger of Banca Esperia into Mediobanca S.p.A., plays a key role in defining investment strategies and developing innovative products.

### **Consumer Credit – Compass Banca (Compass)**

Mediobanca has operated in the consumer credit sector since the 1960s through its subsidiary Compass. Compass today is one of the leading consumer credit operators on the Italian market, with a market share of 12%.

Compass offers a wide range of products (personal loans, special purpose loans for acquisition of consumer durable goods, credit cards and salary-backed finance), using a highly diversified distribution network consisting of 172 own branches, branches run by agents (41) and Compass

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<sup>5</sup> In December 2019, Cairn Capital Group Limited implemented a capital increase, in which Mediobanca subscribed to the amount allocated to it pro rata, and also the rights not taken up by the other shareholders. As a result, the Bank's investment in Cairn Capital increased to 63.5%, and certain call options were exercised, further increasing its investment to 70.93%.

Quinto branches (48), distribution agreements with banking partners and retailers (including BancoPosta).

In the financial year ended 30 June 2020, Compass reported a loan book of approx. €13bn and a headcount of 1,441 staff.

### **Wholesale Banking**

Mediobanca seeks to provide its corporate clients with advisory services and financial services to help them grow and develop.

The Wholesale Banking division consists of two divisions of its own: Client Business and Proprietary Trading.

The Wholesale Banking Client Business division comprises three units: Corporate Finance, Lending and Structured Finance, and Capital Markets.

#### ***1. Corporate finance***

Mediobanca is a leader in Italy, and has an increasingly significant role at the European level in financial advisory services through its branch offices in London, Paris, Frankfurt and Madrid, and through Messier Maris & Associés, in which it holds a 66.4% stake. A client-based approach is adopted, backed by indepth knowledge of the financial issues and a consolidated track record in executing deals. The operating unit is organised into different industry teams covering individual industries to provide more effective specialization.

Corporate finance is structured into the following activities:

- Defining strategic objectives for companies and identifying extraordinary financing transactions in order to help meet them;
- Extraordinary financing transactions: mergers and acquisitions, joint ventures and partnerships, disposals and spinoffs;
- Liability restructuring: earnings/financial analysis of companies/groups undergoing restructuring; working out financial rebalancing scenarios; negotiating with key creditors;
- Corporate restructuring: LBOs, MBOs, spinoffs and tax-/inheritance-related issues;
- Company valuations, on a standalone basis and for purposes of setting exchange ratios;
- Relations with authorities: assistance in handling relations with market authorities, primarily Consob and Borsa Italiana.

### **Messier Maris & Associés**

Founded at year-end 2010, Messier Maris & Associés is today one of the leading corporate finance boutiques in France, with a loyal customer base at international as well as domestic level.

MMA specializes in M&A advisory services to large and medium-sized companies and financial sponsors' activity. The company also has operations in debt and capital advisory and

debt restructuring. It is headquartered in Paris, with offices in New York, and currently employs around 40 professionals.

## **2. *Lending & Structured Finance***

The Financing teams serve Mediobanca's Italian and international customers, through the branch offices located in Paris, Frankfurt, London and Madrid, to offer:

- Advice in evaluating possible capital structures and financing solutions available from among a vast series of debt products, including considering possible implications in terms of rating;
- Structuring and executing lending transactions;
- Access to the international syndicated loans market;
- Facility and security agent services for corporate and structured lending transactions.

The principal Lending & Structured Finance area products are:

- **Corporate lending** (bilateral loans, club deals and syndicated loans): corporate loans aimed at supporting customers' financial requirements generated by investments or related to their companies' growth; the financial solutions offered are aimed primarily at medium-/large-sized firms operating on domestic and international markets, in industrial and service-based sectors.
- **Structured finance** (acquisition finance, loans for LBOs/MBOs, project finance, infrastructure finance, real estate finance): financial support to corporate counterparties and institutional investors as part of leveraged transactions to acquire stakes in listed and unlisted companies; a wide range of lending transactions are developed, arranged, structured, underwritten and executed based on complex structures, and because of their size these are often syndicated on the international market. On the back of its solid track record in various sectors, customers are provided with advisory services covering the entire process of structuring deals to support investment and infrastructure or industrial projects, including offering strategies, selection of the most effective debt instruments, hedging strategies, financial modelling and structuring contracts.

### **Mediobanca International**

Mediobanca International's business is focused primarily on corporate lending (bilateral loans, club deals, and syndicated loans) and structured finance (acquisition finance, LBOs/MBOs, project finance, infrastructure finance and real estate finance). These activities are financed through funds raised on International markets by specific programmes of issuance (notes, structured notes, certificates, warrants, European tradable commercial paper, Euro commercial paper, etc.), short-term and medium-term, the majority of which are guaranteed by Mediobanca S.p.A.

### 3. *Capital Markets*

Mediobanca operates on both the primary and secondary markets, trading equities and fixed-income securities, foreign exchange products and credit risk, interest rate and exchange rate derivatives.

In the **equity** market (primary and secondary), activity is divided into the following areas:

- **Equity capital markets:** Mediobanca is the Italian leader and has a role of increasing importance internationally in structuring, co-ordinating and executing equity capital markets transactions, such as IPOs, rights issues, secondary offerings and ABOs, and bonds convertible into equity solutions (equity derivatives to manage investments and treasury shares): this unit structures and implements extraordinary financing transactions involving equity investments and treasury shares; using a dedicated trading platform, the team offers customers innovative, high value-added solutions, and also handles any legal, accounting, tax and regulatory issues;
- **Equity derivatives institutional marketing:** a range of equity-linked investments are offered to banks, insurances, asset managers and family offices, from synthetic replications of simple underlying assets to sophisticated protection mechanisms and solutions for increasing the return on portfolios, funded or unfunded;
- **MB Securities:** this is Mediobanca's equity brokerage division, offering global access to equity markets and research on the Italian market (over 100 companies are covered), plus a pan-European focus on the financials sector (banks and insurances); a dedicated team also offers corporate broking services.

As for the **debt** market, the activity is divided into the following areas of operation:

- **Debt capital market:** this team originates, structures, executes and places corporate and financial bond issues, covered bonds and securitizations to meet its customers' financing needs;
- **CMS:** this area structures solutions based on interest rates, credit and alternative products; it targets corporate clients, banks and institutional investors who need to restructure their investment portfolios, increase asset liquidity and diversify their sources of funding. Advisory services and structuring *ad hoc* solutions for alternative investments targets institutional investors;

### 4. *Proprietary trading*

Proprietary trading: consists of two units:

- **Trading portfolio (HFT Credit, HFT Fixed income, xVA, Global Macro):** this unit is responsible for the bond trading portfolio and for centralised management of cross value adjustments, supporting both the strategic portfolio & ALM and the Group companies;
- **Equity & Derivatives Trading:** this unit is responsible for the Bank's trading activities in various equity market products (equities and derivatives products).

## 5. *Specialty Finance*

Our Specialty Finance activities include managing and financing credit and working capital. We have operations in factoring with MBFACTA and in the credit management sector with MBCredit Solutions.

- **MBCredit Solutions** has for many years performed credit recovery activities (on behalf of the Group companies and third parties) and NPL portfolio acquisitions.
- **MBFACTA** provides trade receivables sale and discount services (with and without recourse, maturity, supply credit) to refinance corporate working capital. As well as the financial benefits, this service can also include an insurance component (guarantee against insolvency or delays in payments) and/or a management component (portfolio management, accounting, collection and recovery). The factoring platform's factoring offering is tailored specifically to developing the Mid Corporate segment in synergy with the other services offered by CIB to this category of firm.

### Principal investing

Mediobanca has an equity portfolio of investments made over time, consisting of minority stakes in leading Italian and international companies, most of which are listed. As a result of the recent introduction of tighter regulations on regulatory capital and the Bank's desire to concentrate more on highly-specialised banking activities, this portfolio of investments is in the process of being reduced. The Bank's investment in Assicurazioni Generali is assigned to the Principal Investing division, in view of its size and the value option which the investment represents for the Group in terms of available, liquid resources that can be activated in the event of growth acquisitions materializing.

<i>Company</i>	<i>Sector</i>	<i>% of share capital</i>	<i>Book value as at 30/6/20 €m</i>
<i>Assicurazioni Generali</i>	<i>Insurance</i>	<i>12.9%</i>	<i>3,163.4</i>

### Leasing

Mediobanca owns a direct 60% stake in SelmaBipiemme Leasing, with the other 40% held by the Banca Popolare di Milano. The group operates in financial leasing.

### Treasury

The Group's Treasury and ALM units are centralised at parent company level with the objective of optimizing funding and liquidity management. The Proprietary Funding division is responsible for structuring, issuing and placing debt products, the proceeds from which are used to finance the Bank's activities. Funding operations, supported by Mediobanca's high credit rating, take the form primarily of the issuance of securities, both plain vanilla and structured. Securities are placed with retail investors through public offerings (implemented via the CheBanca! proprietary network, through individual third-party banking networks – including BancoPosta – either on an exclusive basis or via groups of banks operating as syndicates), and direct sales on the MOT bond market operated by Borsa Italiana. Demand

from institutional investors is met via public offerings of securities on the Euromarket and by private placements of bespoke products tailored to meet the investor's specific requirements.

### **New products or new activities**

Without prejudice to the contents hereof (section 5.1), no significant new products and/or services have been introduced that are worth being recorded or disclosed publicly.

### **Principal markets**

The Mediobanca Group's activities are principally focused on the domestic market (from a geographical standpoint Italy accounts for approx. 80% of the Group's loan book). In particular:

- **Corporate & Investment Banking (CIB):** half the revenues and loan book for this division is originated by the Italian market, the other half by other countries (notably France, Germany, Spain and the United Kingdom): the division employs some 630 staff, around 155 of whom are based outside Italy;
- **Consumer Banking:** activities focus exclusively on the Italian market, and employ approx. 1,441 staff at 261 branches/agencies;
- **Wealth Management (WM):** this division's activity is focused primarily on the Italian market, with the exception of CMB (which operates in the Principality of Monaco), RAM AI (which operates throughout Europe from its headquarters in Switzerland), and Cairn Capital (which operates in the United Kingdom); and employs 2,021 staff, with approx. 1,000 FAs/relationship managers, and 117 branches;
- **Leasing activities** chiefly target the domestic market.

With reference to other markets, on 31 January 2020, the United Kingdom officially withdrew from the European Union, whose effectiveness is suspended until 31 December 2020. During the transitional period, Mediobanca will continue to implement the plan to adapt to the new scenario which, in accordance with the recommendations provided by the European Central Bank and in light of the Group's relatively contained activity in the UK (approximately 3% of total revenues), envisages the return to the EU territory (mainly in the Milan, Paris and Madrid offices) of 15 employees belonging to front office functions, including key figures. The Group will continue to operate in Great Britain through the subsidiary of Mediobanca S.p.A. (based on a different authorization regime) and the subsidiary Cairn Capital, subject to further changes that may arise in the course of negotiations, which are continuously monitored by an internal working group within the Issuer in collaboration with the competent Supervisory Authorities.

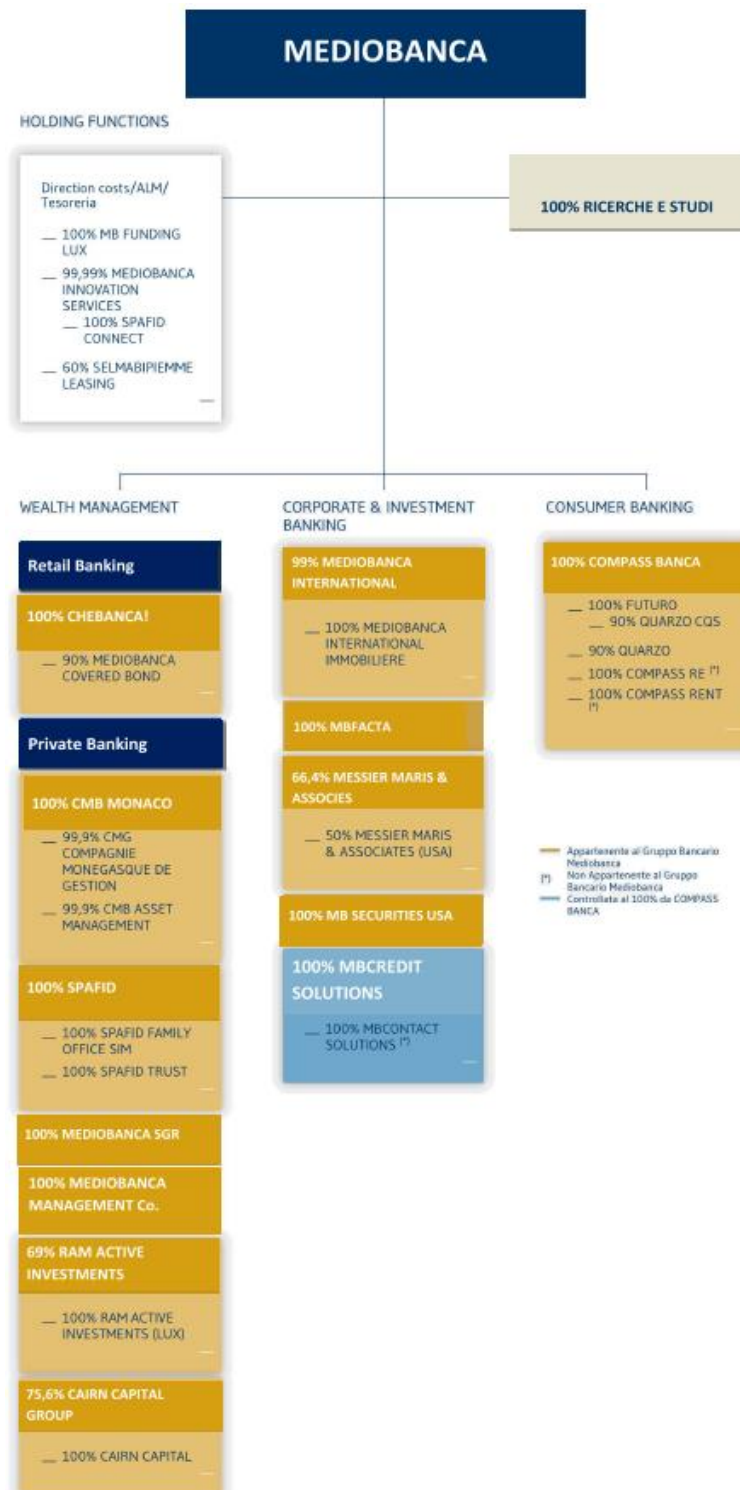
## ORGANIZATIONAL STRUCTURE

*Description of organizational structure of group headed up by Mediobanca*

Mediobanca is the parent company of the Mediobanca Banking Group.

The Mediobanca Group is registered as a banking group in the register instituted by the Bank of Italy.

The following diagram illustrates the structure of the Mediobanca Group as at the date hereof.





## Subsidiaries and main investee companies

A list of the main Group companies included in the area of consolidation for the consolidated financial statements as at the date of this document is shown below:

<b>Group companies</b>			
COMPASS Banca S.p.A.	Italy	100%	(dir.)
CHEBANCA! S.p.A.	Italy	100%	(dir.)
SELMABIPIEMME LEASING S.p.A.	Italy	60%	(dir.)
Compagnie Monégasque de Banque S.A.M.	Principality of Monaco	100%	(dir.)
MEDIOBANCA INTERNATIONAL (Luxembourg) S.A. *	Luxembourg	100% <sup>1</sup>	(dir.)
SPAFID S.p.A.	Italy	100%	(dir.)
SPAFID TRUST S.r.l.	Italy	100%	(indir.)
SPAFID CONNECT S.p.A.	Italy	100%	(indir.)
MEDIOBANCA SECURITIES USA LLC	United States	100%	(dir.)
Mediobanca SGR S.p.A.	Italy	100%	(dir.)
Mediobanca Management Company S.A.	Luxembourg	100%	(dir.)
MBCREDIT SOLUTIONS S.p.A.	Italy	100%	(indir.)
RICERCHE E STUDI S.p.A.**	Italy	100%	(dir.)
Mediobanca Innovation Services S.c.p.A	Italy	99.99%	(dir.)
FUTURO S.p.A.	Italy	100%	(indir.)
PROMINVESTMENT S.p.A. in liquidation	Italy	100%	(dir.)
MBFACTA S.p.A.	Italy	100%	(dir.)
QUARZO S.r.l.	Italy	90%	(indir.)
QUARZO CQS S.r.l.	Italy	90%	(indir.)
MB COVERED BOND S.r.l.	Italy	90%	(indir.)
C.M.B. ASSET MANAGEMENT S.A.M.	Principality of Monaco	99.10%	(indir.)
C.M.G. COMP. MONEG. D.G. S.A.M.	Principality of Monaco	99.92%	(indir.)
CMB WEALTH MANAGEMENT (in liquidation)	United Kingdom	100%	(dir.)
COMPASS RE S.A.**	Luxembourg	100%	(indir.)
MEDIOBANCA INTERNATIONAL IMMOBILIERE S.à r.l.	Luxembourg	100%	(indir.)

### Group companies

CAIRN CAPITAL GROUP Ltd	United Kingdom	75.6%	(dir.)
CAIRN CAPITAL Ltd	United Kingdom	75.6%	(indir.)
CAIRN CAPITAL NORTH AMERICA Inc. (not operative)	United States	75.6%	(indir.)
CAIRN FINANCIAL GUARANTEE Ltd. (not operative)	United Kingdom	75.6%	(indir.)
CAIRN CAPITAL INVESTMENTS Ltd. (not operative)	United Kingdom	75.6%	(indir.)
CAIRN INVESTMENTS MANAGERS Ltd. (not operative)	United Kingdom	75.6%	(indir.)
AMPLUS FINANCE Ltd. (not operative)	United Kingdom	75.6%	(indir.)
MB FUNDING LUX S.A.	Luxembourg	100%	(dir.)
SPAFID FAMILY OFFICE SIM S.p.A.	Italy	100%	(indir.)
RAM Active Investments S.A.	Switzerland	69%	(dir.)
RAM EUROPE S.A.	Lussemburgo	69%	(ind.)
MESSIER MARIS & ASSOCIES S.A.S.	France	66.4%	(dir.)
MESSIER MARIS & ASSOCIES LLC.	United States	50%	(indir.)
MBCONTACT SOLUTIONS S.r.l.** (active since 2 October 2020)	Italia	100%	(indir.)
COMPASS RENT S.r.l.**	Italia	100%	(indir.)

\*1% of Compass Banca

\*\* It is not part of the Mediobanca Banking Group

### Forecasts or estimates of profits

No profit forecasts or estimates have been made in the Base Prospectus.

### Information on recent trends

Except for the developments described in the section headed "*Systemic risks in connection with the economic/financial crisis*", in particular for the possible impact of the Covid-19 crisis, no material adverse changes have taken place in Mediobanca's or the Group's prospects since the consolidated financial statements as at 30 June 2020;

Except for the developments described in the section headed "*Systemic risks in connection with the economic/financial crisis*", in particular for the possible impact of the Covid-19 crisis, no material adverse changes have taken place in the financial results of Mediobanca and the Mediobanca Group since the most recent consolidated financial statements as at 30 June 2020.

### Information on trends, uncertainties, requests, commitments or known facts which could reasonably be expected to have material repercussions on the Issuer's prospects for at least the current financial year

Mediobanca is not aware of any information on trends, uncertainties, requests, commitments or facts known which could reasonably have significant repercussions on Mediobanca's prospects for the current financial year.

A deterioration in the medical situation due to the Covid-19 pandemic could impact further on the economic, social and financial situation in Italy and hence on the credit quality, capitalization and earnings of the Issuer which operates primarily on the Italian market.

Mediobanca is committed to executing the strategic and operating guidelines of its 2019-23 Strategic Plan, confirming the intention to optimize capital, with the objective of restoring the CET1 ratio to 13.5% by end-June 2023, including through share buybacks and acquisitions to strengthen the business lines.

In the uncertainty that currently characterizes the reference framework, the Group has adopted an operating scenario based on activities normalizing by end-December 2020.

The government initiatives and use of moratoria have helped to preserve the quality of the loan book, with 90% of clients who elected to take up the initiatives offered in Consumer Banking having resumed payments as normal.

Conversely, the upturn in the rate of infections from mid-September has not yet been reflected in the figures. Results could be affected if the restrictions introduced are of a similar level to those introduced in March and April of this year. At presents the measures to be adopted in the course of the next quarter to address the second wave of infections due to the Covid-19 pandemic are hard to predict. Lockdown, especially general lockdown, remains the most critical issue for new loans and the cost of risk in Consumer Banking and mortgage lending business; to mitigate the impact of such possible developments, the Group has strongly enhanced its digital platforms and the integrated development of distribution and credit recovery channels in the last six months. Excessive volatility on financial markets too is likely to impact on TFAs (in terms of NNM and market effect) and client risk appetite.

Net interest income is expected to decrease from last year, due to lower volumes and returns in Consumer Banking; while fee income should remain at good levels, as should earnings from Assicurazioni Generali. Against this performance in revenues, operating costs are expected to rise slightly as project activities and commercial initiatives (advertising campaigns) gradually resume.

The cost of risk is seen as being largely stable, while loan loss provisions in Consumer Banking, mortgage lending and leasing are expected to be in line with this quarter unless the macroeconomic scenario deteriorates further.

## **BODIES RESPONSIBLE FOR GOVERNANCE, MANAGEMENT AND SUPERVISION**

### **Information on bodies responsible for governance, management and supervision**

Information on the Bank's bodies responsible for governance, management and supervision is provided below, as updated following the Annual General Meeting held on 28 October 2020.

Changes in the composition of the governing bodies and other information related to them are published from time to time on the Issuer's website at [www.mediobanca.it](http://www.mediobanca.it) in the relevant section <https://www.mediobanca.com/en/corporate-governance/index.html>, without prejudice

to the obligations set out under article 94, paragraph 7, of the Italian Legislative Decree 58/98 in respect of the drawing up of a supplement.

## Board of Directors

As at the date of this Base Prospectus, the Board of Directors, appointed on 28 October 2020 for the 2021, 2022 and 2023 financial years until the date on which the financial statements as at 30 June 2023 will be approved, is made up of fifteen members, eleven of whom qualify as independent under Article 148, paragraph 3 of Italian Legislative Decree 58/98, eight of which eleven also qualify as independent under Article 19 of the company's Articles of Association (the requisites for which definition are substantially aligned with those of the voluntary code of corporate governance issued by Borsa Italiana S.p.A. (the "**Code of Conduct**") in respect of listed companies). Its composition also reflects the legal requirements in terms of gender balance.

## Composition of Board of Directors

Name	Post held	Place and date of birth	Term of office expires	Independence	Principal activities performed outside the Issuer
Renato Pagliaro <sup>2</sup>	Chairman	Milan, 20/2/57	28/10/20		Director, Istituto Europeo di Oncologia
Maurizia Angelo Comneno <sup>1</sup>	Deputy Chair	Rome, 18/6/48	28/10/20	b)	-
Alberto Nagel <sup>1</sup>	CEO	Milan, 7/6/65	28/10/20		-
Virginie Banet	Director	Neuilly sur Seine 18/01/66	28/10/23	a) b)	Chairman, lolite, Financial Consulting; Director, Netgem Director, Vallourec
Francesco Saverio Vinci <sup>1</sup>	General Manager	Milan, 10/11/62	28/10/20		-
Maurizio Carfagna	Director	Milan, 13/11/47	28/10/20	a) b)	Director, FingProg Italia Director, Futura Invest Director, Istituto Europeo di Oncologia
Laura Cioli	Director	Macerata 10/07/63	28/10/23	a) b)	Director, Brembo Director, Sofina Director, Autogrill
Maurizio Costa	Director	Pavia, 29/10/48	28/10/20	a) b)	Director, Amplifon
Angela Gamba	Director	Palazzolo sull'Oglio (BS), 15/8/70	28/10/20	a) b)	Director, Edison Director, FPS Investments S.r.l. Director, Medical Technology and Devices SA
Valérie Hortefeux	Director	Aulnay (France), 14/12/67	28/10/20	a) b)	Director, Blue Solutions Director, Ramsay – Générale de Santé Director, Socfinasia

Name	Post held	Place and date of birth	Term of office expires	Independence	Principal activities performed outside the Issuer
Maximo Ibarra	Director	Cali (Colombia), 13/12/68	28/10/20	a) b)	CEO, Sky Italia
Alberto Lupoi	Director	Rome, 29/03/70	28/10/20	a) b)	-
Elisabetta Magistretti	Director	Busto Arsizio, 21/7/47	28/10/20	a) b)	Director, Brembo Director, Smeg
Vittorio Pignatti-Morano	Director	Rome, 14/9/57	28/10/20	a) b)	Director, Trilantic Capital Management GP Director, Trilantic Capital Partners Management Director, Trilantic Capital Partners V Management Director, Ocean Ring Jersey Co Director, Ocean Trade Lux Co Director, Marex Group Director, ICS Maugeri Director, Edizione
Gabriele Villa <sup>1</sup>	Director	Milan, 18/6/64	28/10/20	b)	Standing Auditor, Edison Standing Auditor, Italmobiliare

<sup>1</sup> Member of Executive Committee.

<sup>2</sup> Member of Mediobanca senior management

a) Qualifies as independent pursuant to Article 19 of the company's Articles of Association.

b) Qualifies as independent pursuant to Article 148, para. 3 of the Italian Finance Act.

All Board members are in possession of the requisites to hold such office set by the regulations in force at the time.

The address for all members of the Board of Directors for the duties they discharge is: Piazzetta E. Cuccia 1, 20121, Milan, Italy.

### Statutory Audit Committee

As at the date of this Base Prospectus, the Statutory Audit Committee, appointed on 28 October 2020 for the 2021, 2022 and 2023 financial years until the date on which the financial statements as at 30 June 2021 will be approved, is made up of three Standing Auditors and two Alternate Auditors.

### Composition of Statutory Audit Committee:

Name	Post held	Place and date of birth	Term expires	Principal activities performed outside the Issuer as significant with respect to the Issuer
Francesco di Carlo	Chairman	Milan, 4/10/69	28/10/23	Director, Milano Investment, Partners SGR

Name	Post held	Place and date of birth	Term expires	Principal activities performed outside the Issuer as significant with respect to the Issuer
Elena Pagnoni	Standing Auditor	Colleferro (Rome), 10/05/63	28/10/23	
Ambrogio Virgilio	Standing Auditor	Bari, 05/01/56	28/10/23	
Marcello Caradonna	Alternate Auditor	Stornara (FG), 22/05/59	28/10/23	Chair, Statutory Audit Committee, College of Auditors CTI Chair, Statutory Audit Committee, ATS Milano Independent Director, Integrae SIM Standing Auditor, Titanmet
Roberto Moro	Alternate Auditor	Milan, 6/12/65	28/10/23	Chair, Statutory Audit Committee, IRE Holding Standing Auditor, Antas Standing Auditor, Robert Bosch Standing Auditor, Energy Wave Standing Auditor, Fidiger Standing Auditor, Sevecom Standing Auditor, Spafid Sole statutory auditor, Compass Rent, MBContact Solutions, Quarzo
Stefano Sarubbi	Alternate Auditor	Milan, 6/12/65	28/10/23	Chair, Statutory Audit Committee, Coca Cola Italy Chair, Statutory Audit Committee, Infrastrutture Wireless Italiane – Inwiit CEO, Sigmagest and Chair, Statutory Audit Committee, Acque Minerali

All Statutory Audit Committee members are in possession of the requisites to hold such office by law, in terms of fitness, professional qualifications and independence; and are all registered as auditors.

The address for all members of the Statutory Audit Committee for the duties they discharge is: Piazzetta E. Cuccia 1, 20121, Milan, Italy.

### **Conflicts of interest among bodies responsible for governance, management and supervision**

A ban was instituted pursuant to Article 36 of Italian Decree Law 201/11, as converted into Italian Law 214/11, on representatives of banks, insurers and financial companies from holding

positions in companies which operate in the same sectors. Each year the Board of Directors assesses the positions of the individual directors, which may have changed as a result of changes in the activities or size of the other companies in which they hold posts. To this end, each director, including in order to avoid potential conflict of interest, shall inform the Board of any changes in the positions assumed by them in the course of their term of office.

Mediobanca also adopts the procedure recommended under Article 136 of the Italian Consolidated Banking Act for approval of transactions involving individuals who perform duties of management and control in other companies controlled by such parties.

Members of the bodies responsible for governance, management and supervision are also required to comply with the following provisions:

- Article 53 of the Italian Banking Act and implementing regulations enacted by the Bank of Italy, in particular the supervisory provisions on links with related parties;
- Article 2391 of the Italian Civil Code (Directors' Interests);
- Article 2391-*bis* of the Italian Civil Code (Transactions with Related Parties) ) and the Consob implementing regulations, in particular the Regulations on Transactions with Related Parties approved under resolution no. 17221 of 12 March 2010.

Transactions with "related parties" are described in part H of the financial statements for the twelve months ended 30 June 2020.

Mediobanca and its governing bodies have adopted internal measures and procedures to ensure compliance with the provisions referred to above.

## Main Shareholders

### *Information on ownership structure*

No party controls Mediobanca according to the definition provided in Article 93 of the Italian Banking Act.

Based on the shareholders' register and publicly available information as at the 29 October 2020, the following individuals and entities own directly or indirectly financial instruments representing share capital with voting rights in excess of 3% of the company's share capital, directly or indirectly, are listed below:

Shareholder	No. of shares	% of share capital
Leonardo Del Vecchio <sup>(1)</sup>	87,738,958	10.16%
Bolloré group <sup>(2)</sup>	59,690,987	5.60%
BlackRock group <sup>(3)</sup>	44,171,756	3.15%
Mediolanum group	29,095,110	3.28% <sup>(4)</sup>

<sup>(1)</sup> Indirect participation held via Delfin SARL (10.16%).

<sup>(2)</sup> Of which 5.03% owned via FINANCIERE DU PERGUET SAS.

<sup>(3)</sup> In addition to this 3.15% investment, a further stake is owned indirectly by BlackRockInc. (NY), via fifteen asset management subsidiaries (cf. form 120 B of 6 August 2020), 0.69% of which as potential investment and 0.13% in other long positions with settlement in cash.

<sup>(4)</sup> Of which MEDIOLANUM VITA S.p.A. (0.73%) and BANCA MEDIOLANUM S.p.A. (2.55%).

Updates relating to information on the main shareholders are published from time to time on the Issuer's website [www.mediobanca.com](http://www.mediobanca.com) in the relevant section <https://www.mediobanca.com/it/governance/azionisti/index.html>, without prejudice to the obligations set forth in Article 23 of the Prospectus Regulation regarding the possible drafting of a supplement.

### **Shareholders' Agreement**

On 20 December 2018, certain shareholders of Mediobanca holding No. 183,887,317 shares representing approximately 20.73% of the share capital of the Issuer entered into a prior consultation shareholders' agreement (the "**Shareholders' Agreement**") pursuant to Article 122 of the Financial Services Act and the Consob resolution No. 11971 of 14 May 1999, as subsequently amended. Such Shareholders' Agreement is effective from 1 January 2019. No provision is made in the Shareholders' Agreement for commitments in terms of lock-up or votes in respect of the shares syndicated to it. As at the date of this Base Prospectus, the Shareholders' Agreement involves shares representing approximately 12.61% of the share capital of the Issuer.

Information on the Shareholders' Agreement may be found on the Issuer's website at <https://www.mediobanca.com/en/corporate-governance/main-shareholders/shareholder-consultation-agreement.html>.

### **Agreements the performance of which may result in a change of control subsequent to the date hereof**

Mediobanca is not aware of any agreements aimed at bringing about future changes regarding the ownership structure of Mediobanca.

### **TREASURY SHARES BUY-BACK PROGRAMME**

The treasury share buyback programme, which the shareholders' meeting had authorised at the ordinary on 27 October 2018 and the European Central Bank had approved on 8 November 2020, ended on 25 March 2020. The purpose of the plan was to equip the bank with operational flexibility, providing it with treasury shares to use in potential acquisitions or to execute equity-based payment plans for group personnel.

Mediobanca complied with the requirements of Delegated Regulation (EU) 2016/1052 on the volume and price of buybacks and the 30-day black-out period preceding the approval of the results for the year or an interim financial report. Furthermore, as provided for by article 2357 of the Italian Civil Code, the treasury shares were purchased within the limits of distributable earnings and available reserves.

As at the date of this Base Prospectus, Mediobanca holds 26,611,288 treasury shares, equal to 2.99% of its share capital.

### **AUDITORS OF THE FINANCIAL STATEMENTS**

#### **External auditors and auditors responsible for auditing the financial statements**

At the annual general meeting held on 27 October 2012, the shareholders of Mediobanca appointed PricewaterhouseCoopers S.p.A. to audit the Bank's separate and consolidated full-year and interim financial statements up to and including the financial year ending 30 June



2021.

PricewaterhouseCoopers S.p.A. a company with its registered offices in Piazza Tre Torri 2, Milan, Italy, has audited the separate and consolidated financial statements of Mediobanca as at 30 June 2020 and as at 30 June 2019. PricewaterhouseCoopers S.p.A is registered under No. 119644 in the Register of Accounting Auditors (*Registro dei Revisori Legali*) maintained by MEF (*Ministero dell'Economia e delle Finanze*) in compliance with the provisions of Legislative Decree No. 39 of 27 January 2010, as amended.

### **Information regarding resignations, dismissals or failures to renew the appointment of the external auditors or the auditors responsible for auditing the financial statements**

At the date of this Base Prospectus, there is no information about any resignation, revocation or non-renewal of the engagement of the external auditors or the auditors responsible for auditing the financial statements.

On 28 October 2020, the Shareholders' Meeting of Mediobanca, at the proposal of the Board of Statutory Auditors, appointed the auditing firm Ernst & Young to audit the accounts for the financial years from 30 June 2022 to 30 June 2030.

### **LEGAL AND ARBITRATION PROCEEDINGS**

As at 30 June 2020, none of the proceedings involving Mediobanca and its consolidated subsidiaries may have, or have had in the recent past, a material impact on the Group's financial position or profitability, and as far as Mediobanca is aware, no litigation, arbitration or administrative proceedings which may have such material impact has either been announced or is pending.

A description of the main tax disputes and litigation pending is provided below, purely for information purposes:

#### **Litigation pending and tax disputes**

##### ***Civil Proceedings - Claim for damages***

Among the most significant legal proceedings still pending against Mediobanca there are the following two claims for damages made respectively by:

- Monte dei Paschi di Siena ("**FMPS**") against – *inter alia* – Mediobanca, in respect of participation with criminal intent by virtue of an alleged non-contractual liability, jointly with the other twelve lender banks, for alleged damages to FMPS in connection with the execution of the Term Facility Agreement on 4 June 2011 and the consequent breach of FMPS's Articles of Association (20% limit on debt/equity ratio) in a total amount of €286m. The case is currently pending with the court of Florence, waiting for the Judge to rule on the admission of the evidence asked for by the parties;
- Lucchini S.p.A. in A.S. ("**Lucchini**") against 12 banks (including Mediobanca) claiming that the banks would have contributed to the economic and financial distress of the company for having drawn up and executed an industrial and financial plan of the company based on allegedly unrealistic forecasts and a restructuring agreement pursuant to article 182-*bis* of the bankruptcy law which provided for guarantees excessively favourable to the banks, thus delaying Lucchini's submission to the extraordinary administration procedure.

It should be noted that with a ruling on 21 July 2020, the Judge rejected Lucchini's request (as amended with the first brief pursuant to Article 183 of the Italian Criminal Code) because he deemed the right to compensation brought before the court to be extinguished by prescription. The possibility remains open for the company to challenge the judgment before the Milan Court of Appeal;

### ***Tax – Administrative proceedings***

With regard to the disputes pending with the tax authorities, an inspection by the Agenzia delle Entrate, which began in 2018 and relates to the financial years 2014/15 and 2015/16 of Mediobanca S.p.A., was concluded, in the context of which three macro claims emerged:

- non-application of transparency taxation (*tassazione per trasparenza*), provided for by the Controlled Foreign Company ("CFC") regulations, of the income produced by Compagnie Monégasque de Banque and Compagnie Monégasque de Gestion for the years 2013, 2014 and 2015, broken down as follows:
  - notice of assessment for Mediobanca's alleged failure to tax on financial year 2013/2014 profits for a contested tax of € 21.3 million (plus interest and penalties) notified at the end of 2018;
  - notice of assessment in relation to financial year 2014/2015 (2014 profits) for a contested tax of € 16.1 million (plus interest and penalties) notified last December;
  - *Processo Verbale di Constatazione* ("PVC"), issued last October, in relation to the financial year 2015/2016 (2015 profits), which has not yet been followed by a notice of assessment;
- failure to apply withholding taxes on interest paid as part of a secured finance transaction challenged with a specific assessment for the year 2014 (tax of € 2.3 million, plus penalties and interest) and referred to, for the year 2015, in the PVC issued last October;
- dispute over the application of transfer pricing between Mediobanca S.p.A. and Mediobanca International S.A. (based in Luxembourg) in the financial years 2012/13 to 2016/17. With regard to this dispute, last October an agreement was reached with the Italian tax authority which involved a disbursement of 21 million, plus interest, but without penalties (so-called penalty protection). At the same time, a new transfer pricing methodology was shared aimed at minimizing tax risks in the future. On this occasion, Mediobanca also voluntarily released reserves of profits (for a total of Euro 42 million) from the activities of Mediobanca International prior to 2002, *i.e.* when the mechanism of taxation for transparency of subsidiaries based in a country with a privileged tax status (so-called black list) was not yet in place; Mediobanca International SA, for its part, is preparing a petition to the Luxembourg tax authorities for the recovery of the higher taxes paid in relation to the taxable income attributed to Italy by the Italian tax authority.

With regard to the first two claims, the Issuer appealed against the related measures; last November, the appeal filed by the Issuer for the 2018 CFC assessment was discussed before the Provincial Tax Commission of Milan and the judgment is pending.

Other significant developments of the financial year concern the favourable conclusion of:

- tax settlement with the Italian tax authority in relation to the *rottamazione delle liti* pursuant to Article 6 of DL No. 119/2018 for 7 of the 8 disputes of Selma BPM (tax assessed for 11.7 million, plus penalties and interest for 35.2 million) which can therefore be considered concluded;
- litigation relating to the alleged non-payment by Chebanca! of the registration tax on the deed of purchase of the Barclays business unit, which concluded with favourable rulings by the Court of Appeal, confirming the previous ruling;
- relief from the tax collection delivered to Mediobanca last year relating to the automated control of Banca Esperia's Unico model 2015.

### ***Further tax proceedings***

In light of the above, other Group tax litigation proceedings existing as at 30 June 2020 concern:

- three litigation proceedings pending in front of the Supreme Court, one of which relating to leasing activities (assessed tax of 191,000 Euro), one relating to the former Banca Esperia about the alleged failure to report a transfer of money to foreign countries as part of the tax monitoring communication, against which penalties were imposed for 5.9 million Euro (already paid) and the third against Mediobanca SGR which was sued as manager of the real estate fund "Marsupio" in relation to the alleged failure to pay substitute tax on 3 transactions for a higher assessed tax of 746.000 Euro (charged to the fund);
- three litigation proceedings relating to the non-reimbursement of VAT for interest accrued in the context of Selma BPM's VAT litigation; in particular, the Milan Court of Appeal's ruling confirmed the non-reimbursement of interest for 470.000 Euro relating to the 2008 financial year;
- eight litigation proceedings relating to direct and indirect taxes, of minor importance and pending at different instances of the Italian court system for a total assessed tax of 1.2 million Euro.

Last December, the assessments carried out by the French and German tax authorities on Mediobanca's branches in Paris and Frankfurt respectively were concluded; in both cases, the assessment, focused on the analysis of the transfer pricing policies in place with the parent company, led to a refinement of the policies and the entry into of settlement agreements, without incurring in any penalties (except for an irrelevant amount for interest) and taking into account the possibility of recovering in Italy the higher taxes paid abroad.

### ***Proceedings with supervisory authorities***

Mediobanca has no ongoing proceedings with any supervisory authority.

As far as the Group is concerned, Compass, following proceedings with the Italian Antitrust Authority, in relation to the alleged forced combination of financing and insurance products not related to loan, has two proceedings pending before the Lazio Regional Administrative Court to challenge the measures by which the aforementioned proceedings have been

concluded.

## **MATERIAL AGREEMENTS**

Neither Mediobanca nor any of the companies controlled by Mediobanca has entered into or participates in agreements outside of their normal course of business which could result an obligation or entitlement for Group members that would impact significantly on the Issuer's ability to meet its obligations in respect of the holders of financial instruments issued or to be issued.

## **RECENT DEVELOPMENTS**

### **Mediobanca approved the consolidated financial statements as at 30 June 2020**

On 30 July 2020, the Board of Directors of Mediobanca examined and approved the consolidated annual financial statements as at and for the financial year ended 30 June 2020, which is incorporated by reference in this Base Prospectus.

### **First green bond issue by Mediobanca**

On 01 September 2020, Mediobanca completed the inaugural issue of its senior preferred green bond dedicated to institutional investors. The € 500m green bond, with a seven-year duration and a coupon of 1% was priced at 99,564 with a spread of 135 bps over the mid-swap rate.

The bond is intended to finance or refinance projects which meet the "Green and Sustainable Bonds Framework" criteria approved by the Mediobanca Group in June 2020, in line with the United Nations Global Compact, to which the Issuer adhered in 2018. This issue confirms Mediobanca's commitment to reducing the direct and indirect impact of its business activity, by promoting Environmental Social and Governance (ESG) investment products, and through initiatives aimed at improving energy efficiency and reducing consumption, as provided in the 2019-23 strategic plan. Sustainability is an integral part of the Group's strategy that combines growth in business and financial solidity with social, environmental and economic sustainability, with the objective of creating value for all stakeholders over the long term.

### **Mediobanca approved the consolidated quarterly report as at 30 September 2020**

On 27 October 2020, the Board of Directors of Mediobanca examined and approved the consolidated quarterly report as at and for the three-month period ended 30 September 2020.

### **Mediobanca ordinary and extraordinary annual shareholders' meeting**

On 28 October 2020, the shareholders' meeting of the Issuer examined and approved: (i) as extraordinary meeting, certain amendments to the Issuer's by-laws and the three renewals for authorisations to the Board of Directors to increase the Issuer's share capital pursuant to Article 2443 of the Italian Civil Code; and (ii) as ordinary meeting, the Issuer's financial statements as at 30 June 2020 and the amount of profit for the period being allocated to reserves.

In addition, the ordinary shareholders' meeting of Mediobanca also resolved upon:

- (i) the appointment of the new Board of Directors of the Issuer until the approval of the financial statements for the year ending on 30 June 2023. For further information on the Board of Directors, see " – *Bodies responsible for governance, management and*

*supervision of Mediobanca – Board of Directors" above;*

- (ii) the appointment of the new Statutory Audit Committee until the approval of the financial statements for the year ending on 30 June 2023. For further information on the Board of Directors, see "*Bodies responsible for governance, management and supervision of Mediobanca – Statutory Audit Committee*" above;
- (iii) the approval of the remuneration and incentivization policies for the 2020-2021 financial year, the report on compensation paid in the financial year 2019-2020, the policy in the event of the beneficiary leaving office or the employment arrangement being terminated, and the 2021-25 performance share scheme; and
- (iv) the engagement of Ernst & Young to audit the company's accounts for the period from 30 June 2022 to 30 June 2030, setting the remuneration payable to the auditor at €565,250 per annum (net of any statutory ISTAT increases, out-of-pocket expenses, VAT and supervisory contributions).

### **Mediobanca approved the consolidated financial statements as at 31 December 2020**

On 9 February 2021, the Board of Directors of Mediobanca examined and approved the unaudited consolidated half-yearly financial statements as at and for the six-month period ended 31 December 2020.

**FINANCIAL INFORMATION OF MEDIOBANCA – BANCA DI CREDITO  
FINANZIARIO S.P.A.**

The consolidated annual financial statements of Mediobanca as at and for the years ended 30 June 2020 and 2019 were prepared in accordance with IFRS as adopted by the European Union.

The above consolidated annual financial statements, prepared in each case together with the notes thereto, are incorporated by reference in this Base Prospectus. See "*Documents Incorporated by Reference*".

The annual consolidated financial statements as at 30 June 2020 and 2019 have been audited by PricewaterhouseCoopers S.p.A., whose reports thereon are attached to such annual financial statements.

## INFORMATION ON MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

### General Information

**Name:** Mediobanca International (Luxembourg) S.A. ("Mediobanca International").

**Date of Incorporation:** Mediobanca International was incorporated in 1990 and its registered office was transferred to Luxembourg by a resolution of the Shareholders before a notary on 21 December 2005 and the articles of incorporation were published in the *Mémorial Recueil des Sociétés et Associations* number 567 on 17 March 2006. The articles of association were amended on 5 October 2007 and were published in the *Mémorial Recueil des Sociétés et Associations* number 2995 on 24 December 2007. The articles of association were further amended on 30 January 2017 and were published in the *Recueil électronique des Sociétés et Associations* number RESA\_2017\_042 of 16 February 2017. The LEI code of Mediobanca International is 549300DV870NBWY5W279.

**Legislation:** Mediobanca International operates under Luxembourg law.

**Registered Office and Telephone Number:** 4, Boulevard Joseph II, L-1840 Luxembourg, Tel. No.: (00352) 267303-1.

**Registration:** *Registre de Commerce et des Sociétés* Luxembourg number B 112885.

**Financial Year:** Mediobanca International's financial year ends on 30<sup>th</sup> June of each year.

**General Meetings:** General Meetings are held at least once a year.

### Share Information

**Authorised and Issued Capital:** EUR 10,000,000 divided into 1,000,000 ordinary shares of EUR 10.00 each.

**Reserves:** EUR 331,470,434 as at 30 June 2020.

**Controlling Shareholders:** Mediobanca - Banca di Credito Finanziario S.p.A.

**Change of control:** Mediobanca International is not aware of any agreements aimed at bringing about future changes regarding the ownership structure of Mediobanca International.

## Management

**Board of Directors:** The Articles of Association provide for a Board of Directors consisting of at least three members elected by the general meeting of shareholders for a term of office not to exceed six years.

**Directors:** The Board of Directors is responsible for setting authorisation levels, defining organisational structure, defining the system of internal control and reviewing it on a regular basis, and approving the bank's accounts and interim statements. The Board of Directors has been appointed by the shareholders meeting held on 16 October 2020 and is composed as follow:

<i>Director</i>	<i>Place and date of birth</i>	<i>Posts held inside Mediobanca International</i>
Giovanni Mancuso	Turin on 5 December 1954	Chairman
Alessandro Ragni	Milan on 23 May 1977	Managing Director & CEO
Massimo Amato	Lecce on 15 January 1958	Director
Piero Pezzati	Milan on 23 March 1953	Director
Jessica Spina	Manchester on 27 January 1969	Director
Stéphane Bosi	Monticelli d'Ongina on 27 April 1953	Director
Lara Pizzimiglia	Piacenza on 21 June 1969	Director

The business address of each of the directors is 4, Boulevard Joseph II, L-1840 Luxembourg, with the exception of Jessica Spina and Lara Pizzimiglia whose business address is Piazzetta E. Cuccia 1, 20121, Milan, Italy.

There are no potential conflicts of interests between any of the Directors' duties to Mediobanca International and their private interests or other duties.



**Authorised managers:** Day-to-day management is entrusted to two authorised managers: Alessandro Ragni (Managing Director and CEO) and Rocco Cosimo Damiano Di Leo (Chief Financial Officer).

**Approved independent auditors:** PricewaterhouseCoopers, *Société coopérative*, incorporated under the laws of Luxembourg, with its registered office at 2, rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B.65477 ("**PwC Luxembourg**"), was designated, during a meeting of the Board of Directors held on 11 September 2012, the Mediobanca International's independent auditors (*réviseur d'entreprises agréé*). Their mandate was renewed by the Board of Directors on 14 December 2016 for a period ending at the shareholders' annual general meeting which will be held in 2021.

PwC Luxembourg, has audited the non-consolidated financial statements of Mediobanca International as at and for the years ended 30 June 2020 and 30 June 2019 and will audit the non-consolidated financial statements of Mediobanca International as at and for the year ending 30 June 2021.

PwC Luxembourg is registered as a *cabinet de révision* with the public register of company auditors drawn up by the Luxembourg Ministry of Justice and is a member of the Institute of Independent Auditors (*l'Institut des Réviseurs d'Entreprises*) and is approved by the Commission de Surveillance du Secteur Financier ("**CSSF**") in the context of the law dated 23 July 2016 on the audit profession, as amended.

**Corporate governance:** Mediobanca International is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. The Luxembourg law dated 10 August 1915 on commercial companies, as amended, does not make the application of a corporate governance code mandatory to Mediobanca International. The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange do not apply because the shares of Mediobanca International are not listed on a regulated market operated by the Luxembourg Stock Exchange.

## **Object and General Business Policy**

**Business Operations:** Article 3 of Mediobanca International's Article of Association provides, among other things, that the sole object of Mediobanca International is to carry out, either within or outside the Grand Duchy of Luxembourg, any

banking or financial operations authorised by the law relating to the financial sector.

Mediobanca International's principal activity consists of raising funds on international markets, by issues of bonds chiefly under a short and medium-term notes programme guaranteed by Mediobanca. Mediobanca International is also engaged in corporate lending operations.

**Risk Management:** All interest rate, currency, credit and other risks are managed within the Mediobanca Group.

**Tax Treatment:** See "*Taxation - (B) Tax Regime for Mediobanca International issues – Luxembourg*".

### Main financial information of Mediobanca International

**Selected annual financial information.** The summary audited balance sheet, profit and loss account and cash flow statement of Mediobanca International as at 30 June 2020 are shown below, along with comparative data for the year ended 30 June 2019.

MAIN STATEMENT OF FINANCIAL POSITION ITEMS	Year ended 30 June		
	2020	2019	CHANGES 2020/2019
	€m	€m	%
<b>Assets</b>			
Financial assets valued at amortised cost – due from banks	2,086.4	3,287.1	-36.5%
Financial assets valued at amortised cost – due from customers	4,142.3	4,506.1	-8.1%
Financial assets*	160.1	74.1	116.1%
<b>Total Assets</b>	<b>6,428.6</b>	<b>7,888.6</b>	<b>-18.5%</b>
<b>Liabilities</b>			
Financial liabilities valued at amortised cost – debt securities in issue	3,137.7	4,127.4	-24.0%
Financial liabilities valued at amortised cost – due to banks	2,696.5	3,242.8	-16.8%
Financial liabilities valued at amortised cost – due to customers	133.3	110.0	21.2%
Financial liabilities valued at FVTPL	118.8	55.6	113.7%
Net equity**	341.5	338.2	1.0%
of which: share capital	10.0	10.0	-
Profit for the period	-10.8	3.2	-437.5%
<b>Total Liabilities</b>	<b>6,428.6</b>	<b>7,888.6</b>	<b>-18.5%</b>

\* Includes financial assets valued at FVTPL and hedging derivatives

\*\* Includes reserves and share capital.

MAIN STATEMENT OF COMPREHENSIVE INCOME ITEMS	Year ended 30 June		
	2020	2019	CHANGES 2020/2019
	€m	€m	%
Net interest income	5.4	12.2	-55.7%
Net fee and commission income	5.7	5.0	14.0%
Total income	11.9	17.9	-33.5%
Net income from financial operations	-1.9	14.4	-113.2%
Administrative expenses	-9.6	-10.1	-5.0%
<b>Profit of the ordinary activity before tax</b>	<b>-13.2</b>	<b>4.3</b>	<b>-407%</b>
<b>Profit for the year</b>	<b>-10.8</b>	<b>3.2</b>	<b>-437.5%</b>

CASH FLOW STATEMENT	Year ended 30 June	
	2020	2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<i>(€ thousands)</i>	
Operating activities	-2,366	35,213
Cash generated/(absorbed) by financial assets	1,641,287	-66,898
Cash (generated)/absorbed by financial liabilities	-1,638,921	-2,306
Cash flow from operating activities	-	-33,991
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Cash flow from investing activities	-	
<b>CAPITAL MANAGEMENT</b>		
Cash flow from capital management activities		15,000
<b>NET CASH INFLOW (OUTFLOW) DURING THE YEAR</b>	<b>-</b>	<b>-18,991</b>

**FINANCIAL INFORMATION OF MEDIOBANCA INTERNATIONAL  
(LUXEMBOURG) S.A.**

Mediobanca International only produces non-consolidated annual financial statements.

The non-consolidated annual financial statements of Mediobanca International as at and for the years ended 30 June 2020 and 2019, in each case together with the notes thereto, are incorporated by reference in this Base Prospectus. See "*Documents Incorporated by Reference*".

The non-consolidated annual financial statements of Mediobanca International as at and for the years ended 30 June 2020 and 2019 have been prepared in accordance with IFRS as adopted by the European Union.

The non-consolidated annual financial statements as at and for the year ended 30 June 2020 and 2019 have been audited by PricewaterhouseCoopers, *Société coopérative*, whose reports thereon are attached to such non-consolidated annual financial statements.

## PLAN OF DISTRIBUTION

References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed in the paragraph headed "*Dealers*" in the section headed "Description of the Structured Note Issuance Programme" above and to such additional persons which are appointed from time to time as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "*Dealers*" are to all Permanent Dealers and all persons appointed from time to time as a dealer solely in respect of one or more Tranches.

Subject to the terms and conditions contained in a dealer agreement dated 12 March 2021 as further amended or supplemented from time to time (the "**Dealer Agreement**") between the Issuers, the Guarantor, the Arrangers and the Permanent Dealers, the Notes will be offered on a continuous basis by each Issuer to the Permanent Dealers. However, the relevant Issuer has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers. The relevant Issuer may also offer and sell Notes directly to investors without the involvement of any Dealer. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of such Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

Pursuant to the terms and conditions of the Dealer Agreement, the relevant Issuer, failing whom, where applicable, the Guarantor, has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement may be terminated in relation to all the Dealers or any of them by Mediobanca and Mediobanca International, acting together or, in relation to itself and Mediobanca and Mediobanca International only, by any Dealer, at any time on giving not less than ten Business Days' notice.

### **General**

The selling restrictions described below may be modified by the agreement of the relevant Issuer, the Guarantor (where applicable) and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer and each further Dealer appointed under the Programme has agreed that it will comply with all relevant laws, regulations and directives in force in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the relevant Issuer, the Guarantor (where applicable), nor any other Dealer shall have responsibility therefore.

## Prohibition of Sales to EEA Retail Investors

Unless the Final Terms (or, as the case may be, Drawdown Prospectus) in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive (UE) 2016/97 as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

## European Economic Area

If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "not applicable", in relation to each Member State of the European Economic Area, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms or Drawdown Prospectus, as the case may be, in relation thereto to the public in that Member State, except that it may make an offer of Notes to the public in that Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of the Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

- (c) at any time to fewer than 150, natural or legal persons other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation

**provided that** no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

It being understood that, any offer of Notes whose Final Terms specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable" could be subject to further selling restrictions to retail investors and consequently no key information document, under Regulation (EU) No 1286/2014 (as amended), may be available. Therefore, offering or selling the Notes, or otherwise making them available to any retail investor in the EEA may be unlawful.

For the purposes of this provision:

- (i) an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes; and
- (ii) the "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended from time to time.

## **Ireland**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered sold, underwritten or placed and will not offer, sell, underwrite or place or do anything with respect to the Notes in Ireland:

- (a) otherwise than in conformity with the provisions of (i) the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland, as amended, (the "**MiFID Regulations**"), including, without limitation, Regulation 5 (*Requirement for authorisation (and certain provisions concerning MTFs and OTFs)*) thereof and in connection with the MiFID Regulations, any applicable codes of conduct or rules, any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland and (ii) the provisions of the Investor Compensation Act 1998 of Ireland, as amended;
- (b) otherwise than in conformity with all applicable provisions of Directive 2014/65/EU, as amended, and Regulation (EU) No 600/2014, as amended, and in connection with the foregoing, all relevant implementing measures, delegated acts and guidance, and is operating within the terms of any authorisation thereunder;
- (c) otherwise than in conformity with the provisions of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended, the European Union (Market Abuse) Regulations 2016 of Ireland, as amended, and any Irish market abuse law as defined in those Regulations and the

Companies Act 2014 of Ireland, as amended, (the "**2014 Act**") and any rules made or guidance issued by the Central Bank of Ireland in connection therewith, including any rules or guidelines issued by the Central Bank of Ireland under Section 1370 of the 2014 Act; and

- (d) otherwise than in conformity with (i) the provisions of the Prospectus Regulation (EU) 2017/1129, as amended, and any delegated or implementing acts adopted thereunder, the European Union (Prospectus) Regulations 2019 of Ireland, as amended, and any other Irish prospectus law as defined in the 2014 Act, the Central Bank (Investment Market Conduct) Rules 2019 of Ireland, and any other rules made or guidelines issued under Section 1363 of the 2014 Act by the Central Bank of Ireland, (ii) the provisions of the 2014 Act, (iii) the provisions of the Central Bank Acts 1942 to 2018 of Ireland and any code of conduct rules made under Section 117(1) of the Central Bank Act 1989 of Ireland, as amended, , and (iv) every other enactment that is to be read together with any of the foregoing Acts,

as each of the foregoing may be amended, restated, supplemented and/or otherwise replaced from time to time.

### **United States of America**

The Notes have not been and will not be registered under the U.S. Securities Act of 1993, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdictions of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, subject to certain exemptions. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of the Notes comprising the relevant Tranche as determined, and certified to the relevant Issuer or the Fiscal Agent by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it in which case the Fiscal Agent or the relevant Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering, an offer or sale of Notes within the United States of America by any Dealer (whether or not participating in the offering) may



violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act (if available).

## **United Kingdom**

### ***Prohibition of sales to UK Retail Investors***

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes the legend "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes does not include the legend "Prohibition of Sales to UK Retail Investors", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (C) at any time in any other circumstances falling within section 86 of the FSMA,

**provided that** no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

### ***Other UK regulatory restrictions***

In relation to each Tranche of Notes, each Dealer, subscribing for or purchasing such Notes, represents to and agrees with the relevant Issuer, the Guarantor (where applicable) and each other such Dealer (if any) appointed under the Programme will be required to represent and agree that:

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year from the date of issue:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the relevant Issuer;

- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor (where applicable); and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Republic of Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, save as set out below, it has not

offered or sold, and will not make an offer of any Notes to the public in the Republic of Italy and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy except:

- (1) that each Dealer may make an offer of Notes to the public if the final terms in relation to the Notes specify that a Non-exempt Offer may be made in the Republic of Italy, including without limitation, by means of an offer of Notes to the public following the date of publication of a prospectus in relation to such Notes and provided that such prospectus has been (i) approved in another Member State and notified to CONSOB and (ii) completed by final terms expressly contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, Legislative Decree No. 58 of 24 February 1998, as amended ("**Financial Services Act**") and CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971/1999**"), in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (2) to "**qualified investors**" (*investitori qualificati*), as referred to in the Prospectus Regulation; or
- (3) in any other circumstances which are exempted from the rules on public offerings, as provided under the Prospectus Regulation, Financial Services Act or Regulation 11971/1999.

Any such offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the "**Italian Banking Act**"), Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and any other applicable laws and regulations;
- (b) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy or by Italian person outside the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or the Bank of Italy or any other Italian regulatory authority.

#### *Provisions relating to the secondary market*

Potential investor should also note in connection with the subsequent distribution of Notes in the Republic of Italy, in accordance with Article 100-*bis* of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (2) and (3) above, the subsequent distribution of the Notes on the secondary market in the Republic of Italy must be made in compliance with the public offer and the prospectus requirement rules provided

under the Financial Services Act and Regulation No. 11971/1999. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the intermediaries transferring the Notes being liable for any damages suffered by investors or potential investors.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**" or the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has undertaken and each further Dealer appointed under the Programme will be required to undertake that it has not, directly or indirectly, and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## TAXATION

**The tax laws of the investor's Member State and of the issuer's Member State of incorporation might have an impact on the income received from the securities. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.**

*The following is a general overview of certain Italian, Luxembourg and Irish tax consequences of the purchase, ownership and disposal of the Notes. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors and of Notes, some of which (such as dealers in securities or commodities, certain non-Italian resident Noteholders purchasing Notes convertible or exchangeable into shares and holders of certain Credit Linked Notes) may be subject to special rules.*

*Prospective purchasers of the Notes are advised to consult in any case their own tax advisers concerning the overall tax consequences of their purchase, ownership and disposal of the Notes.*

*This summary assumes that Mediobanca and Mediobanca International are resident for tax purposes in the Republic of Italy and in Luxembourg respectively and are structured and conduct their business in the manner outlined in this Prospectus. Changes in Mediobanca and/or Mediobanca International's organisational structure, tax residence or the manner in which each of them conducts its business, as well as in case of Substitution of the Issuer as fully set out in Condition 13 of the Base Terms and Conditions of the Notes, may invalidate this summary. This overview also assumes that each transaction with respect to the Notes is at arm's length.*

*Where in this overview English terms and expressions are used to refer to Italian, Luxembourg and Irish concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian, Luxembourg and Irish concepts under Italian, Luxembourg and Irish tax laws.*

*This overview is based upon the laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis.*

*Neither Mediobanca nor Mediobanca International will update this summary to reflect changes in laws and/or practice. If any such change should occur, the information in this summary could become obsolete.*

### **(A) Italian Taxation of the Notes issued by Mediobanca**

The Notes issued by Mediobanca may be subject to different tax regimes depending on whether:

- they qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) implying a capital investment (*impiego di capitale*); or

- they qualify as atypical securities (*titoli atipici*); or
- they qualify as derivative financial instruments or bundles of derivative financial instruments.

Depending on the features of the Notes, the following Italian tax treatments may apply to the Notes.

## 1. NOTES QUALIFYING AS BONDS OR SECURITIES SIMILAR TO BONDS

Decree No. 239 regulates the tax treatment of interest, premium and other income including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from certain securities issued, *inter alia*, by Italian resident banks. The provisions of Decree No. 239 only apply to those Notes which qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Decree No. 917. For this purpose, securities similar to bonds are securities that (i) entail an unconditional obligation to pay, at maturity, an amount not lower than their nominal value (with or without payment of periodic interest) and (ii) do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which the securities are issued nor any type of control on the management.

### 1.1 Italian resident Noteholders

Pursuant to Decree No. 239, payments of Interest accrued on Notes issued by Mediobanca are subject to a substitute tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. in the Republic of Italy (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes) if made to beneficial owners who are:

- (1) individuals resident in the Republic of Italy for tax purposes, holding the Notes not in connection with entrepreneurial activities; or
- (2) Italian resident partnerships (other than "*società in nome collettivo*", or "*società in accomandita semplice*" or similar partnerships), or a *de facto* partnerships not carrying out commercial activities or professional associations; or
- (3) Italian resident private or public institutions, other than companies, trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (4) investors exempt from Italian corporate income tax.

All the above categories are qualified as "net recipients" (unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and has opted for the so-called "*regime del risparmio gestito*" (the "**Asset Management Regime**"), according to Article 7 of Decree No. 461 of 21 November 1997, as amended and supplemented from time to time ("**Decree No. 461**").

In the event that the Noteholders described above under (1) and (3) are engaged in an entrepreneurial activity to which the Notes are connected, the substitute tax applies as a provisional income tax. As a consequence, Interest on the Notes will be included in the relevant beneficial owner's Italian income tax return and will be subject to ordinary income tax and the substitute tax may be recovered as a deduction from the income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Interest in respect of Notes that qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) received by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the 26 per cent. substitute tax on Interest if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100 – 114, of Law No. 232 of 11 December 2016 ("**Law No. 232**") and Article 1, paragraphs 211-215, of Law no. 145 of 30 December 2018 ("**Law No. 145**") and in Article 13-*bis* of Law Decree No. 124 of October 26, 2019 ("**Law Decree No. 124**") as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of Law n. 178 of 30 December 2020 as further amended and applicable from time to time ("**Finance Act 2021**"), it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.* including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Pursuant to Decree No. 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so-called "**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stockbrokers and other qualified entities identified by a decree of the Ministry of Finance ("**Intermediaries**" and each an "**Intermediary**") that must (i) be resident in Italy, or by permanent establishments in Italy of non-Italian resident Intermediaries or an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239, and (ii) intervene in any way in the collection of Interest or, also as transferees, in the transfers or, disposals of the Notes. For the purpose of the application of the substitute tax, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

Where the Notes and the relevant coupons are not deposited with an Italian resident Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the substitute tax is applied and withheld by any Italian resident Intermediary paying Interest to the holders of the Notes or, in its absence, by the Issuer.

Interest payments will not be subject to the 26 per cent. substitute tax if made to beneficial owners who are:

- (1) Italian resident corporations or permanent establishments in Italy of non resident corporations to which the Notes are effectively connected;
- (2) Italian resident partnerships carrying out commercial activities ("*società in accomandita semplice*" or "*società in nome collettivo*");
- (3) Italian resident open-ended or closed-ended collective investment funds (together the "**Funds**" and each a "**Fund**"), Italian investment companies with variable capital ("**SICAVs**"), Italian resident non-real estate investment companies with fixed capital

("SICAFs"), Italian resident pension funds referred to in Legislative Decree No. 252 of 5 December 2005 ("**Decree No. 252**"), Italian resident real estate investment funds ("**Real Estate Funds**") and Italian real estate investment companies with fixed capital ("**Real Estate SICAFs**") subject to the regime provided for by Law Decree No. 351 of 25 September 2001;

- (4) Italian resident individuals holding the Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Regime.

Such categories are qualified as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of substitute tax, gross recipients indicated here above under (1) to (4) must: (a) be the beneficial owners of payments of Interest on the Notes and (b) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial intermediary (or a permanent establishment in Italy of a foreign Intermediary). Where the Notes and the relevant coupons are not deposited with an Italian intermediary (or a permanent establishment in Italy of a foreign Intermediary), the substitute tax is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer.

Where the Notes and the relevant coupons are not deposited with an Intermediary, the substitute tax is applied and withheld by any Italian Intermediary (or permanent establishment in Italy of foreign intermediary) which intervenes in the payment of Interest to any Noteholder or by the Issuer and Noteholders who are Italian resident companies or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct the substitute tax suffered from income taxes due.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Regime in connection with their investment in the Notes are subject to a 26 per cent. annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes during the holding period). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

If the investor is resident in Italy and is a Fund, a SICAV or a non-real estate SICAF and the relevant Notes are held by an authorised intermediary, Interest accrued during the holding period on such Notes will not be subject to substitute tax, but must be included in the financial results of the Fund, SICAV or non-real estate SICAF. The Fund, SICAV or SICAF will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

Where a Noteholder is a Real Estate Fund or a Real Estate SICAF to which the provisions of Law Decree No. 351 of 25 September, 2001, as subsequently amended, apply, Interest accrued on the Notes will be subject neither to substitute tax nor to any other income tax in the hands of a Real Estate Fund or a Real Estate SICAF. The income of the real Estate Fund or of the Real Estate SICAF is subject to tax, in the hands of the unitholder, depending on the *status* and percentage of participation, or, when earned by the Fund, through distribution and/or upon redemption or disposal of the units.



Where a Noteholder is an Italian resident pension funds subject to the regime provided by Article 17 of Decree No. 252, Interest relating to the Notes and accrued during the holding period will not be subject to substitute tax, but will be subject to a 20 per cent. tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes during the holding period).

Subject to certain limitations and requirements (including minimum holding period), Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100-114 of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145, and in Article 13-*bis* of Law Decree No. 124 as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.* including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Interest accrued on the Notes by beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign entities to which the Notes are effectively connected are subject to tax in Italy in accordance with ordinary rules and would be included in the taxable income for corporate income tax purposes (IRES), currently applying at a rate of 24 per cent. (increased by an additional tax at the rate of 3.5 in case of Bank of Italy and financial institutions, with the exclusion of SGRs) and in certain circumstances, depending on the "status" of the Noteholder also in the net value of production for the purposes of regional tax on productive activities (IRAP), generally applying at a rate of 3.9 per cent. (which may be varied by each Italian Region by up to 0.92 per cent.).

## 1.2 Non-Italian resident Noteholders

Pursuant to Decree No. 239, payments of Interest accrued on Notes issued by Mediobanca which qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) will not be subject to the 26 per cent. substitute tax if made to beneficial owners who are non-Italian resident beneficial owners of Notes not having a permanent establishment in Italy to which the Notes are effectively connected, **provided that**:

- such beneficial owners are resident for tax purposes in a State or territory which allows for an adequate exchange of information with the Italian tax authorities as included in the Decree of the Minister of Finance dated 4 September 1996, as amended and supplemented from time to time (last amendment being made by Italian Ministerial Decree dated 23 March, 2017) and possibly further amended by future decrees issued pursuant to Article 11, ( 4)(c) of Decree No. 239 (the "**White List**"); and
- all the requirements and procedures set forth in Decree No. 239 and the relevant implementing rules in order to benefit from the exemption from the substitute tax have been promptly and properly complied with in due time.

Decree No. 239, also provides for additional exemptions from the substitute tax for payments of Interest in respect of the Notes made to (i) international bodies and organisations established

in accordance with international agreements ratified in Italy, (ii) certain foreign institutional investors resident or established in State or territory included in the White List, even if they do not have the *status* of taxpayer in their own country of establishment; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of the substitute tax, non-Italian resident investors indicated above must:

- be the beneficial owners of payments of Interest on the Notes;
- deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with an Italian bank or SIM or with a permanent establishment in Italy of a non-Italian resident bank or SIM, or with a non-Italian resident entity participating in a centralised securities management system which is in contact, via computer, with the Italian Ministry of Economics, and
- file in due time with the relevant depository a statement (*autocertificazione*) stating, *inter alia*, to be resident, for tax purposes, or established, as the case may be, in a State or territory included in the White List. Such statement which is requested neither for international bodies nor for entities set up in accordance with international agreements ratified by Italy nor for foreign Central Banks or entities managing, *inter alia*, official State reserves - must comply with the requirements set forth by Italian Ministerial Decree of 12 December 2001 and is valid until withdrawn or revoked. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

Failure of a non-resident holder of the Notes to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of the substitute tax on the Interest payments to a non-resident holder of the Notes.

Non-resident holders of the Notes who are subject to substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable double taxation treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes.

### 1.3 Fungible Issues

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the relevant issuer issues a new tranche forming part of a single series with a previous tranche, for the purposes of calculating the amount of interest subject to substitute tax, the issue price of the new tranche will be deemed to be the same as the issue price of the original tranche. This rule applies where (a) the new tranche is issued within 12 months from the issue date of the previous tranche, and (b) the difference between the issue price of the new tranche and that of the original tranche does not exceed 1 per cent. of the nominal value of the notes multiplied by the number of years of the duration of the notes.

### 1.4 Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable business income (and, in certain circumstances, depending on the "*status*" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by Italian resident companies, Italian resident partnerships carrying out commercial activities or

similar commercial entities (including Italian permanent establishments of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Pursuant to Decree No. 461, where an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activities to which the Notes are connected, (ii) an Italian resident partnership not carrying out commercial activities or (iii) an Italian private or public institution not carrying out mainly or exclusively commercial activities, any capital gain realised by such Noteholder from the sale or transfer for consideration of the Notes would be subject to a substitute tax (*imposta sostitutiva*), levied at the current rate of 26 per cent.. Noteholders may generally offset against capital losses with gains of the same nature.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of the purchase and the sale of the Notes must be deducted from the purchase price and the sale price, respectively.

In respect of the application of such substitute tax, taxpayers may opt for one of the three regimes described below.

Under the so called "*regime della dichiarazione*" (the "**Tax Declaration Regime**"), which is the standard regime for taxation of capital gains, the 26% substitute tax on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss of the same nature, realised pursuant to all investment transactions carried out during any given tax year. The overall capital gains realised in any tax year, net of any incurred capital loss of the same nature, must be reported in the relevant annual tax return and the substitute tax must be paid on such gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realised in any of the four succeeding tax years.

As an alternative to the Tax Declaration Regime, the holders of the Notes who are:

- Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected;
- Italian resident partnerships not carrying out commercial activities;
- Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect to pay the substitute tax separately on capital gains realised on each sale or transfer or redemption of the Notes under the so called "*regime del risparmio amministrato*" (the "**Administrative Savings Regime**"), according to Article 6 of Decree No. 461. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (or permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the Administrative Savings Regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for substitute tax in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital loss of the same nature, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds

provided by the Noteholder for this purpose. Where a sale or transfer or redemption of the Notes results in a capital loss, such loss may be offset against capital gains of the same nature subsequently realised, within the same relationship of deposit, in the same tax year or in the following tax years up to the fourth. Under the Administrative Savings Regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Where the Notes are part of a portfolio managed under the Asset Management Regime by an Italian asset management company or an authorised financial intermediary, the capital gains realised upon sale, transfer or redemption of the Notes will not be subject to the substitute tax on capital gains but will contribute to the determination of the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio at year end may be carried forward against appreciation accrued in each of the following years up to the fourth. Under the Asset Management Regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain conditions, capital gains in respect of Notes that qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) realised upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the substitute tax of 26 per cent., if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) pursuant Article 1, paragraph 100 – 114, of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145, and in Article 13-*bis* of Law Decree No. 124 as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.* including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Any capital gains on Notes held by Funds, SICAVs and non-real estate SICAFs contribute to determine the increase in value of the managed assets of the Funds, SICAVs or non-real estate SICAFs accrued at the end of each tax year. The Funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where a Noteholder is an Italian resident Real Estate Fund or Real Estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, capital gains realised will be subject neither to substitute tax nor to any other income tax in the hands of the Real Estate Fund or Real Estate SICAF. The income of the Real Estate Fund or Real Estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the Real Estate Fund or Real Estate SICAF, through distribution and/or upon redemption or disposal of the units.

Any capital gains on Notes held by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Decree No. 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent.. Pension Fund Tax.

Subject to certain limitations and requirements (including minimum holding period), capital gains in respect of Notes realised upon sale, transfer or redemption by Italian resident pension fund may be excluded from the taxable base of the Pension Fund Tax, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100 - 114 of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145, and in Article 13-*bis* of Law Decree No. 124 as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.* including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Capital gains realised by non-Italian-resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes traded on regulated markets in Italy or abroad are not subject to the substitute tax, regardless of whether the Notes are held in Italy. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the Asset Management Regime or are subject to the Administrative Savings Regime, may be required to file in due time to the Italian authorised financial intermediary an appropriate statement (*autocertificazione*) that they are not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes not traded on regulated markets issued by an Italian or non-Italian resident issuer may in certain circumstances be taxable in Italy, if the Notes are held in Italy.

Where the Notes are not listed on a regulated market in Italy or abroad:

- pursuant to the provisions of Decree No. 461 non Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the substitute tax in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes (a) in a State or territory included in the White List and (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from the substitute tax are met or complied with in due time. The same exemption applies where the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries included in the White List, even if they do not have the status of tax payers in their own country of residence; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.
- In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with the Republic of Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the

recipient, will not be subject to the substitute tax in the Republic of Italy on any capital gains realised upon the sale or redemption of Notes.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate statement (*autocertificazione*) stating that they meet the aforesaid requirement. Additional statements may be required for non-Italian resident Noteholders who are institutional investors;

Please note that for a non-Italian resident, the Administrative Savings Regime shall automatically apply, unless it is expressly waived this regime, where the Notes are deposited in custody or administration with an Italian resident authorised financial intermediary or permanent establishment in the Republic of Italy of a foreign intermediary.

## 2. NOTES QUALIFYING AS ATYPICAL SECURITIES

Notes issued by Mediobanca which represent a capital investment but do not fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) may qualify as 'atypical' securities (*titoli atipici*) pursuant to article 5 of Decree No. 512. In that case, Interest payments relating to Notes issued by Mediobanca may be subject to a 26 per cent. withholding tax. For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

Where the Noteholder is (i) an Italian resident individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian resident company or a similar Italian resident commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (iv) an Italian resident commercial partnership or (v) an Italian resident commercial private or public institution, the 26 per cent. withholding tax applies as a provisional withholding tax. In all other cases - including if the Noteholder is non-Italian resident - the withholding tax applies as a final withholding tax.

Subject to certain limitations and requirements (including a *minimum* holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the Notes which qualify as "atypical" securities) pursuant to Article 5 of Law Decree No. 512 of 30 September 1983, if such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraph 100 -114 of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145, and in Article 13-*bis* of Law Decree No. 124 as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.* including the

loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Double taxation treaties entered into by Italy may apply allowing for a lower (generally 10 per cent., or, in certain cases, nil) rate of withholding tax in the case of payments to non-Italian resident Noteholders, subject to proper compliance with applicable subjective and procedural requirements.

For the sake of completeness, it is worth pointing out that non-Italian resident Noteholders may be entitled to claim, if certain relevant conditions are met, a reduction of such 26 per cent. withholding tax under the double taxation treaty, if any, entered into by Italy and its country of residence, subject to timely filing of required documentation.

### **3. NOTES QUALIFYING AS DERIVATIVE SECURITIES**

Where the proceeds from the Notes issued by Mediobanca qualify as securitised derivative financial instruments do not qualify as income from a capital investment, the tax regime described under Section 1.4 above applies according to article 67 of Decree No. 917 and Decree No. 461.

#### **(B) Luxembourg Tax regime of the Notes issued by Mediobanca International**

##### **1. TAX TREATMENT OF THE NOTES ISSUED BY MEDIOBANCA INTERNATIONAL IN LUXEMBOURG**

*The Notes should follow their debt accounting treatment, and be treated as debt from a Luxembourg direct tax point of view. However, the Luxembourg tax authorities may in the future conclude that based on their features the Share Linked Notes are to be considered as equity for Luxembourg tax purposes and, accordingly, follow the tax treatment of equity.*

##### **1.1 Luxembourg tax residency of the holders of the Notes**

A holder of the Notes will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes (holding of the Notes includes receipt of interest and repayment of the principal).

##### **1.2 Luxembourg direct tax treatment of the Notes**

###### **(a) Luxembourg tax treatment of Notes qualifying as debt**

###### ***Withholding tax***

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however:

- (i) with respect to Luxembourg resident investors, to the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005, as modified, which foresees a 20% final withholding tax (which is final when Luxembourg

resident individuals are acting in the context of the management their private wealth) on interest payments made by Luxembourg paying agents to Luxembourg individual residents. This withholding tax also applies on accrued interest received upon sale, redemption or repurchase of the Notes. Luxembourg resident investors not holding the Notes as business assets may benefit, under conditions, from such final 20% withholding tax for interest payments that are made through a paying agent established in another EU-Member State or in a Member State of the European Economic Area; and

- (ii) responsibility for the withholding of tax in application of the above-mentioned Luxembourg law of 23 December 2005, as amended, is assumed by the Luxembourg paying agent within the meaning of these laws (which may be the Luxembourg Issuer).

### ***Income taxation of the holders of the Notes***

#### *Taxation of Luxembourg non-residents*

Holders of the Notes who are non-residents of Luxembourg and who do not have a permanent establishment in Luxembourg to which the Notes are attributable are not liable to any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon the redemption of the Notes, or realize capital gains on the sale of any Notes.

#### *Taxation of Luxembourg residents*

##### *Interest Income*

Holders of the Notes who are residents of Luxembourg, or non-resident holders of the Notes who have a permanent establishment or a fixed base of business in Luxembourg with which the holding of the Notes is connected, must, for income tax purposes, include any interest received in their taxable income. They will not be liable to any Luxembourg income tax on repayment of principal.

For individuals resident in Luxembourg, the 20% tax withheld at source constitutes a final taxation.

##### *Capital Gains*

###### *Luxembourg resident individuals*

Luxembourg resident individuals who are holders of the Notes and who are acting in the course of the management of their private wealth are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon redemption of the Notes, individual Luxembourg resident holders of the Notes must however include the portion of the redemption price corresponding to accrued but unpaid interest in their taxable income.

###### *Luxembourg resident companies – Luxembourg permanent establishment of foreign enterprises*



Luxembourg resident companies (*sociétés de capitaux*) that are holders of the Notes or foreign enterprises which have a permanent establishment in Luxembourg to which the Notes are attributed, must include in their taxable income the difference between the disposal price (including accrued but unpaid interest) and the book value of the Notes disposed of.

#### *Luxembourg resident entities benefiting from a special tax regime*

Holders of the Notes who are undertakings for collective investment governed by the amended law of 17 December 2010, specialised investment funds governed by the amended law of 13 February 2007, reserved alternative investment funds organised as specialised investment funds under the law of 23 July 2016, or family wealth management companies governed by the amended law of 11 May 2007, are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (*i.e.* corporate income tax, municipal business tax and net wealth tax) with respect to the Notes. Please note however that undertakings for collective investment governed by the amended law of 17 December 2010 are subject to a minimum net wealth tax at a progressive scale as of 1 January 2016.

Companies subject to the amended law of 15 June 2004 on venture capital vehicles and reserved alternative investment funds organised as venture capital vehicles under the law of 23 July 2016 might enjoy an exemption on income and gains from the Notes in accordance with, and subject to, the requirements of such law.

#### *Net Wealth Tax*

Luxembourg net wealth tax will not be levied on a holder of a Note unless: (i) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or (ii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg.

Minimum net wealth tax will be levied under certain circumstances only if the holder of the Note is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions.

In respect of individuals, the Luxembourg law of 23 December 2005 has abolished the net wealth tax with effect from 1 January 2006.

#### **(b) Luxembourg tax treatment of Notes qualifying as equity**

##### ***Withholding Tax***

Dividends (including interest qualified tax-wise as dividends) paid by the Issuer to the holders of Notes are as a rule subject to a 15% withholding tax in Luxembourg.

However, subject to the provisions of an applicable double tax treaty, the rate of withholding tax may be reduced.

Furthermore, a domestic withholding exemption may apply if, at the time the dividend is made available, (i) the receiving entity is an eligible company which (ii) has held or commits itself to hold for an uninterrupted period of at least 12 months a participation of at least 10% of the share capital of the Issuer or a participation of an acquisition price of at least EUR 1.2 million. Eligible entities include either a company covered by Article 2 of the amended EU Parent-Subsidiary Directive, or a Luxembourg permanent establishment thereof, or a company resident in a State having concluded a double tax treaty with Luxembourg and subject to a tax

corresponding to Luxembourg corporate income tax or a Luxembourg permanent establishment thereof, or a company limited by shares (*société de capitaux*) or a cooperative society (*société coopérative*) resident in the European Economic Area other than an EU Member State and liable to a tax corresponding to Luxembourg corporate income tax or a Luxembourg permanent establishment thereof, or a Swiss company limited by share capital which is effectively subject to corporate income tax in Switzerland without benefiting from an exemption. However, the domestic withholding exemption will not apply in case the transaction qualifies as an abuse of law under the general anti-abuse rule.

## ***Income Tax***

### *Luxembourg Resident Individual Holder of Notes*

Dividends (including interest qualified tax-wise as dividends) from the Notes by resident individual holders, who act in the course of the management of either their private wealth or their professional or business activity, are subject to income tax at the progressive ordinary rate. Such dividend may benefit from the 50% exemption set forth in Article 115, section 15, letter a) of the Luxembourg Income Tax Law, subject to the fulfilment of the conditions set out therein. A tax credit is further granted for Luxembourg withholding taxes, if any.

Capital gains realised on the disposal of the Notes by resident individual holders, should not be subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains on the Notes are deemed to be speculative gains and are subject to income tax at ordinary income tax rates if the Notes are disposed of within 6 months after their acquisition or if their disposal precedes their acquisition. A participation is deemed to be substantial where a Luxembourg resident individual holder of Notes has either alone or together with his spouse and/or underage children, held directly or indirectly at any time within the 5 years preceding the disposal, more than 10% of the share capital of the Issuer. A holder of Notes is also deemed to alienate a substantial participation if he acquired free of charge, within the 5 years preceding the transfer, a participation that was constituting a substantial participation in the hands of the transferor (or any of the successive transferor in case of successive transfers free of charge within the same 5-year period). Capital gains realised on a substantial participation more than 6 months after the acquisition thereof are subject to income tax according to the half-global rate method. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the Notes.

### *Luxembourg Resident Corporate Holders of Notes*

Dividends (including interest qualified tax-wise as dividends) and other payments derived from the Notes and paid to a Luxembourg fully taxable resident company are subject to income tax, unless the conditions of the participation exemption regime, as described below, are satisfied. If these conditions are not met, under current Luxembourg tax laws, 50% of the gross amount of dividends (including interest qualified tax-wise as dividends) received on the Notes may be exempt from income tax pursuant to article 115, section 15, letter a) of the Luxembourg Income Tax Law. A tax credit is further granted for Luxembourg withholding taxes, if any.

Under the participation exemption regime, dividends (including interest qualified tax-wise as dividends) derived from the Notes may be exempt from income tax at the level of the holder of the Notes, except for the amount of the expenses which directly relate to this shareholding and which have reduced the Luxembourg fully taxable resident company's taxable basis in the year of receipt of the dividend, if cumulatively, (i) the holder of the Notes is a Luxembourg

resident fully taxable company, or a Luxembourg permanent establishment of a company covered by Article 2 of the amended EU Parent-Subsidiary Directive, or a Luxembourg permanent establishment of a company limited by share capital resident in a country having a tax treaty with Luxembourg, or a Luxembourg permanent establishment of a limited company or a cooperative company resident in the European Economic Area other than a EU Member State, (ii) the beneficiary has held or commits itself to hold the Notes for an uninterrupted period of at least 12 months at the time of the distribution and (iii) during this whole period, the Notes represent a participation of at least 10% in the share capital of the Issuer or a participation of an acquisition price of at least EUR 1.2 million. The benefits of the participation exemption regime do not however apply where the transaction qualifies as an abuse of law under the general anti-abuse rule.

Capital gains realised by a Luxembourg fully taxable resident company on the Notes are subject to income tax at ordinary rates. However, under the participation exemption regime, capital gains realised on the Notes may be exempt from income tax, except for the amount of the expenses which directly relate to this shareholding and which have reduced the Luxembourg fully taxable resident company's taxable basis in the year of disposal and prior years, if the above-mentioned conditions are met except that the acquisition price threshold is EUR 6 million for capital gains purposes. Taxable gains are determined as being the difference between the price for which the Notes have been disposed of and the fiscal value.

#### *Luxembourg Resident Companies benefiting from a Special Tax Regime*

Holders of Notes who are undertakings for collective investment governed by the law of 17 December 2010, as amended, specialised investment funds governed by the law of 13 February 2007, as amended, reserved alternative investment funds organised as specialised investment funds under the law of 23 July 2016, or family wealth management companies governed by the law of 11 May 2007, as amended, are exempt from income tax in Luxembourg. Dividends (including interest qualified tax-wise as dividends) derived from and capital gains realised on the Notes are thus not subject to income tax in their hands.

Companies subject to the law of 15 June 2004, as amended, on venture capital vehicles and reserved alternative investment funds organised as venture capital vehicles under the law of 23 July 2016 might enjoy an exemption on income and gains from the Notes in accordance with, and subject to, the requirements of such law.

#### *Luxembourg Non-Resident Holders of Notes*

Non-resident holders of Notes who have neither a permanent establishment nor a permanent representative in Luxembourg to which the Notes are attributable are generally not liable to any Luxembourg income tax, whether they receive payments of dividends (including interest qualified tax-wise as dividends) or realize capital gains upon sale of the Notes, except for capital gains realised on a substantial participation (see above under section (a)) before the acquisition or within the first 6 months of the acquisition thereof that are subject to income tax in Luxembourg at ordinary rates (subject to applicable double tax treaties).

#### *Permanent Establishment of Luxembourg Non-Resident Holders of Notes*

Dividends (including interest qualified tax-wise as dividends) received by a Luxembourg permanent establishment or a permanent representative of a non-resident holder of Notes to which the Notes are attributable, as well as capital gains realised on such Notes, are subject to

Luxembourg income tax, unless the conditions of the participation exemption regime are satisfied (see above under section (b)). Dividends (including interest qualified tax-wise as dividends) deriving from Notes that do not qualify for the 100% exemption and received by a Luxembourg permanent establishment or permanent representative may benefit from the 50% exemption of the gross amount as described above according to article 115, section 15, letter a) of the Luxembourg Income Tax Law. A tax credit is further granted for the Luxembourg withholding tax, if any.

### *Net Wealth Tax*

Luxembourg net wealth tax will not be levied on a holder of a Note unless: (i) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or (ii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg.

Under the participation exemption regime, the Notes may be exempt from net wealth tax at the level of the holder of the Notes, if cumulatively, (i) the holder of the Notes is a Luxembourg resident fully taxable company, or a Luxembourg permanent establishment of a company covered by Article 2 of the amended EU Parent-Subsidiary Directive, or a Luxembourg permanent establishment of a company limited by share capital resident in a country having a tax treaty with Luxembourg, or a Luxembourg permanent establishment of a limited company or a cooperative company resident in the European Economic Area other than a EU Member State and (ii) the Notes represent a participation of at least 10% in the share capital of the Issuer or a participation of an acquisition price of at least EUR 1.2 million. The benefits of the participation exemption regime do not however apply where the transaction qualifies as an abuse of law under the general anti-abuse rule.

Minimum net wealth tax will be levied under certain circumstances only if the holder of the Note is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions.

In respect of individuals, the Luxembourg law of 23 December 2005 has abolished the net wealth tax with effect from 1 January 2006.

## **1.3 Other Taxes**

### **(a) *Registration duties***

It is not compulsory that the Notes be filed, recorded, enrolled or subject to any other formality in Luxembourg with any notary, court or other authority in Luxembourg in order to ensure the legality, validity, enforceability or admissibility as evidence of any of the Notes in Luxembourg, or that any registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Notes, except that, in case the Notes are registered (or lodged with a notary's records), either voluntarily or by order of a Luxembourg court or official authority, or if they are attached (*annexés*) to any document subject to mandatory registration in Luxembourg (such as a public deed), a fixed or an ad valorem registration duty of 0.24% calculated on the amounts of loans or other obligations of sum of money mentioned in the Notes will be due. In practice, such kind of registration is rarely ordered.

(b) **VAT**

There is no Luxembourg value-added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of Notes, provided that Luxembourg value-added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value-added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from Luxembourg value-added tax does not apply with respect to such services.

(c) ***Inheritance and gift tax***

No Luxembourg inheritance tax is levied on the transfer of Notes upon the death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg gift tax will be levied in the event that the gift is made pursuant to a notarial deed signed before a Luxembourg notary.

**2. ITALIAN TAX TREATMENT OF THE NOTES ISSUED BY MEDIOBANCA INTERNATIONAL IN ITALY.**

The Notes issued by Mediobanca International may be subject to different tax regimes depending on whether:

- they qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) implying a capital investment (*impiego di capitale*); or
- they qualify as atypical securities (*titoli atipici*); or
- they qualify as derivative financial instruments or bundles of derivative financial instruments.

Depending on the features of the Notes, one of the following Italian tax treatments may apply to the Notes.

**2.1 Notes qualifying as bonds or securities similar to bonds**

**2.1.1 *Italian resident Noteholders***

Decree No. 239 regulates the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from certain securities issued, *inter alia*, by non-Italian resident entities. The provisions of Decree No. 239 only apply to those Notes which qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Decree No. 917. For this purposes securities similar to bonds are securities that (i) entail an unconditional obligation to pay, at maturity, an amount not lower than their nominal value (with or without periodic interest payments) and (ii) do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which the securities are issued nor any type of control on the management.

Pursuant to Decree No. 239, a substitute tax at a rate of 26 per cent. is applied on Interest on Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) within the meaning of Article 44 of Decree No. 917 issued by a non-Italian resident issuer accrued during the relevant holding period, if received by:

- (1) an Italian resident individual not engaged in an entrepreneurial activity to which the Notes are connected unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the Asset Management Regime according to Article 7 of Decree No. 461; or
- (2) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities or professional association; or
- (3) private or public institutions, other than companies, trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (4) Italian resident investors exempt from Italian corporate income taxation.

If the Noteholders described under (1) and (3) above are engaged in an entrepreneurial activity to which the Notes are connected, the substitute tax applies as a provisional tax. As a consequence, the Interest is subject to the ordinary income tax and the substitute tax may be recovered as a deduction from the income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Interest in respect of Notes that qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) received by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the 26 per cent. substitute tax, on Interest if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100 – 114, of Law No. 232 232 and Article 1, paragraphs 211-215, of Law No. 145, and in Article 13-*bis* of Law Decree No. 124 as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.* including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Pursuant to Decree 239, the 26 per cent. substitute tax is applied by Italian Intermediaries or by permanent establishments in the Republic of Italy of Intermediaries resident outside Italy. Where the Notes and the relevant coupons

are not deposited with an Intermediary, the substitute tax is applied and withheld by any Italian Intermediary (or permanent establishment in Italy of foreign intermediary) that intervenes in the payment of Interest to any Noteholder or, in its absence, by the Issuer.

Where Interest on Notes beneficially owned by the subjects from (1) to (4) above are not collected through the intervention of an Italian Intermediary (or permanent establishment in Italy of foreign intermediary) and as such no substitute tax is applied, the above Italian resident beneficial owners will be required to declare Interest in their yearly income tax return and subject them to final substitute tax at a rate of 26 per cent. (only limited to those Noteholders not engaged in a business activity to which the Notes are effectively connected), unless option for a different regime is allowed and made. Italian resident Noteholders that are individuals not engaged in entrepreneurial activity may elect instead to pay ordinary personal income taxes at the progressive rates applicable to them in respect of Interest on such Notes: if so, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

Where an Italian resident Noteholder who is beneficial owner of the Notes is a company, an Italian resident commercial partnership or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes and relevant coupons are timely deposited with an Intermediary, Interest from the Notes will not be subject to the substitute tax, but must be included in the relevant Noteholder's annual income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the *status* of the Noteholder, also to IRAP). In such cases, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

For Noteholders who are Funds, SICAVs, non-real estate SICAFs, Real Estate Fund, Real Estate SICAF or Italian pension funds (subject to the regime provided for by Article 17 of Decree No. 252), please refer to paragraph "*Italian Taxation of the Notes issued by Mediobanca Notes qualifying as bonds or similar securities - Italian resident Noteholders*" above.

#### 2.1.2 **Non-Italian resident Noteholders**

No Italian substitute tax is applied on interest payments to a non-Italian resident Noteholder not having a permanent establishment in Italy to which the Notes are effectively connected of Interest relating to Notes issued by a non-Italian resident issuer.

If Notes issued by a non-Italian resident issuer and beneficially owned by non-Italian residents are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or are sold through an Italian bank or other resident financial intermediary (or permanent establishment in Italy of foreign intermediary) or in any case an Italian resident financial intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation a non-Italian resident

Noteholder may be required to produce to the Italian bank or other intermediary a statement (*autocertificazione*) stating that he or she is not resident in Italy for tax purposes.

### 2.1.3 **Capital gains tax**

Any gain obtained from the sale or transfer or redemption of the Notes by Italian resident Noteholders would be subject to the same tax regimes as described under section 1.4. "*Capital gains tax*", above.

Capital gains realised upon sale, transfer or redemption of the Notes by non Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected may, in certain circumstances, be subject to a 26 per cent. substitute tax, if the Notes are held in Italy. However, the same exemptions illustrated under the section (A) 1.4 "*Capital gains tax*" apply to the benefit of non-Italian residents if capital gains on the Notes might become taxable due to the holding of the Notes in Italy.

### 2.1.4 **Fungible issues**

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the relevant issuer issues a new tranche forming part of a single series with a previous tranche, for the purposes of calculating the amount of interest subject to substitute tax, the issue price of the new tranche will be deemed to be the same as the issue price of the original tranche. This rule applies where (a) the new tranche is issued within 12 months from the issue date of the previous tranche, and (b) the difference between the issue price of the new tranche and that of the original tranche does not exceed 1 per cent. of the nominal value of the notes multiplied by the number of years of the duration of the notes.

## 2.2 **Notes qualifying as atypical securities**

Interest payments to Italian resident Noteholders relating to Notes issued by a non-Italian resident issuer which represent a capital investment but do not qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) may qualify as "atypical" securities (*titoli atipici*) pursuant to article 5 of Decree No.512 and may be subject to Italian withholding tax, levied at the rate of 26 per cent.. For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

If the Notes are issued by a non-Italian resident issuer, a 26 per cent. withholding tax may apply in Italy if the Notes are placed ("*collocate*") in Italy and Interest payments on the Notes are collected through an Italian bank or other qualified financial intermediary. However, the 26 per cent. "entrance" withholding tax does not apply to Interest payments made:

- (a) to a non-Italian resident Noteholder. If Notes issued by a non-Italian resident issuer and beneficially owned by non-Italian residents are deposited with an Italian bank or other resident financial intermediary (or permanent establishment in Italy of foreign financial intermediary) or are sold through an Italian bank or other resident financial



intermediary (or permanent establishment in Italy of foreign financial intermediary) or in any case an Italian resident financial intermediary (or permanent establishment in Italy of foreign financial intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or other financial intermediary a statement (*autocertificazione*) stating that he or she is not resident in Italy for tax purposes; and

- (b) to an Italian resident Noteholder which is (i) an Italian resident commercial partnership, (ii) an Italian resident company or a similar Italian resident commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are effectively connected) and (iii) a commercial private or public institution. In particular, in such cases, Interest must be included in the relevant Noteholder's annual income tax return, to be therefore subject to ordinary Italian business income taxation (and, in certain circumstances, depending on the *status* of the Noteholder, also to IRAP) according to the ordinary rules and the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

With respect to the other categories of Italian resident Noteholders, if Interest payments on Notes issued by a non-Italian resident issuer are not collected through an Italian resident bank or other financial intermediary, and as such no withholding tax is required to be levied, such Noteholders will be required to report the payments in their annual income tax return and subject them to a final substitute tax at rate of 26 per cent. (only limited to those Noteholders not engaged in a business activity to which the Notes are effectively connected). Italian resident individual beneficial owners holding Notes not in connection with a business activity may elect instead to pay ordinary personal income tax at the progressive rates applicable to them in respect of Interest payments: if so, the beneficial owners should generally benefit from tax credit for withholding taxes applied outside Italy, if any.

In case the Notes issued by a non-Italian resident issuer are held by an Italian resident individual engaged in a business activity and are effectively connected with same business activity, the Interest will be subject to the 26 per cent. withholding tax on a provisional basis and will be included in the relevant income tax return. As a consequence, the Interest will be subject to the ordinary income tax and the withholding tax may be recovered as a deduction from the income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the Notes which qualify as "atypical" securities) pursuant to Article 5 of Law Decree No. 512 of 30 September 1983, if such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraphs 100 -114 of Law No. 232 232 and Article 1, paragraphs 211-215, of Law No. 145, and in Article 13-*bis* of Law Decree No. 124 as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.* including the

loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

### 2.3 Notes qualifying as derivative securities

Where the proceeds from the Notes issued by Mediobanca International qualify as securitised derivative financial instruments do not qualify as income from a capital investment, the tax regime described under Section (A) 1.4 "Capital gains tax" above applies according to article 67 of Decree No. 917 and Decree No. 461.

## 3. PAYMENTS MADE BY THE GUARANTOR UNDER THE GUARANTEE

There is no authority directly regarding the Italian tax regime of payments on notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian courts would not support such an alternative treatment.

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payments may be subject to Italian withholding tax at the rate of 26 per cent. levied as a final tax or a provisional tax depending on the "status" of the Noteholder, pursuant to Decree No. 600. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non-Italian residents, subject to proper compliance with relevant subjective and procedural requirements.

In accordance with another interpretation, any such payment made by the Guarantor should be treated, in certain circumstances, as a payment by the relevant Issuer and made subject to the tax treatment described above under paragraph "*Italian Taxation of Notes issued by Mediobanca*" and "*Tax regime of the Notes issued by Mediobanca International*".

### (C) Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, as converted in law, with amendments, by Law No. 286 effective from 24 November 2006, transfers of Notes as a result of death or donation (or other transfers for no consideration) of Italian residents and of non-Italian residents, but in such latter case limited to Notes held within the Italian territory (which, for presumption of law, includes bonds issued by Italian resident issuers), are generally taxed in Italy as follows:

- (i) transfers in favor of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding € 1,000,000.00 for each beneficiary;
- (ii) transfers in favor of siblings are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding € 100,000.00 for each beneficiary;
- (iii) transfers in favor of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift; and
- (iv) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the beneficiary has a serious disability recognised by law, inheritance and gift taxes apply on its portion of the net asset value exceeding € 1,500,000.00.

If the donee sells the Notes for consideration from the receipt thereof as a gift, the donee is required to pay the relevant substitute tax on capital gains as if the gift has never taken place.

A tax credit may be available for the inheritance and gift tax paid in Italy under the applicable double tax treaty on inheritance and gift, if any.

**(D) Transfer tax**

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to a fixed registration tax at a rate of € 200.00; (ii) private deeds are subject to registration tax at a rate of € 200.00 only if they are voluntary registered or if the so-called "*caso d'uso*" or "*enunciazione*" occurs.

**(E) VAT and registration tax**

If the relevant Issuer decides to redeem the Notes upon their maturity by physical delivery to the investor, Italian VAT and/or registration tax may become payable.

**(F) Stamp Duty**

Pursuant to Article 13 par. 2<sup>ter</sup> of the tariff Part I attached to Presidential Decree No. 642 of 26 October, 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to its clients in respect of any financial product and instrument, including the Notes, which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and it cannot exceed € 14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the basis of face value or redemption value, or in the case the face or redemption values cannot be determined, on the basis of purchase value of the financial assets (including banking bonds, *obbligazioni* and capital adequacy financial instruments) held.

The statement is deemed to be sent at least once a year, including with respect to the instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Pursuant to the law and the implementing decree issued by the Italian Ministry of Economy on 24 May, 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June, 2012) of an entity that exercises a banking, financial or insurance activity in any form within the Italian territory.

**(G) Wealth tax on Notes deposited abroad**

Pursuant to Article 19 of Decree No. 201 of 6 December 2011, Italian resident individuals non commercial entities, non commercial partnerships and similar institutions holding financial instruments, including the Notes, outside the Italian territory are required to declare them in their own annual tax returns and pay a wealth tax at the rate of 0.2 per cent. (IVAFE). Starting from fiscal year 2020, the wealth tax cannot exceed € 14,000 for taxpayers which are not individuals. The wealth tax is calculated on the market value at the end of the relevant year or,

where no market value is available, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset held abroad by Italian resident individuals, including the Notes. A tax credit is granted for any foreign property tax levied abroad on the same financial assets. The financial assets held abroad are excluded from the scope of the wealth tax, if such financial assets are administered by Italian financial intermediaries pursuant to an administration agreement.

#### (H) **Tax Monitoring Obligations**

Italian resident individuals, non-commercial entities, non-commercial partnerships and similar entities are required to report in their annual income tax return, (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), according to Law Decree No. 167 of 28 June, 1990, converted into law by Law Decree No. 227 of 4 August, 1990, as amended from time to time, for tax monitoring purposes:

- (1) the amount of Notes issued by Mediobanca held abroad during each tax year; and
- (2) the amount of Notes, issued by Mediobanca International, held abroad during each tax year.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

The above reporting requirement does not apply with respect to (i) foreign investments (including the Notes) deposited for management with Italian financial intermediaries or relevant contracts entered into through their intervention, upon condition that any related income has been subject to tax by such financial intermediaries, or (ii) if the foreign investments are exclusively composed of deposits and/or bank accounts and their aggregate value does not exceed Eur 15,000 threshold throughout the year.

#### (I) **Financial transaction tax**

Where the relevant Issuer decides to redeem the Share Linked Notes at their maturity by delivering Shares to the investor, an Italian Financial Transaction Tax ("**IFTT**") may apply. In particular, Article 1(491) of Law No. 228 of 24 December 2012 (the "**Stability Law for 2013**") as amended by Law Decree of 21 June 2013, N° 69, introduced a stamp duty-like IFTT of 0.2 per cent. on the transfer of shares and other equity-like instruments issued by Italian resident entities (for this purpose, residence must be determined on the basis of the location of the entity's registered office). This also encompasses any financial instruments that have such shares or equity-like instruments as their underlying assets, irrespective of the issuer's residence. The IFTT applies even if the transfer takes place outside Italy and/or any of the parties to the transaction are not resident in Italy.

The IFTT rate is reduced by half to 0.1 per cent. if the transfer takes place on a regulated market or multilateral trading system. The tax is determined with reference to the net daily balance of purchase and sale transactions performed by the same person in the same financial instrument. In particular, the taxable base is determined by multiplying: (i) the number of securities corresponding to the sum of the net daily balance of purchase and sale transactions for each financial instrument for which there are net purchases (as opposed to net sales); and (ii) the

weighted average price of the purchases of such financial instruments carried out on the relevant day.

Article 1(492) of the Stability Law for 2013 introduces a fixed levy IFTT that applies to all transactions involving equity derivatives which have Italian shares, Italian equity-like instruments or Italian equity-related instruments as their underlying assets. An equity derivative is subject to the IFTT if the underlying or reference value consists of more than 50 per cent., of the market value of Italian shares, Italian equity-like instruments or Italian equity-related instruments, as measured on either: (i) the date of issuance, for financial instruments traded on regulated markets or on multilateral trading systems; or (ii) the date when the relevant contract is entered into in all other cases. The IFTT applies even if the transfer takes place outside Italy and/or any of the parties to the transaction are not resident in Italy.

The amount of tax due depends on the type of derivative instrument and on the contract's value, but is subject to a maximum of Euro 200. This IFTT is reduced to 1/5 of the relevant amount if the transfer takes place on a regulated market or multilateral trading system. If a derivative is equity-settled, the consequent share transaction is ordinarily subject to the IFTT under Article 1(491) of the Stability Law for 2013.

The IFTT under Article 1(491) of the Stability Law for 2013 is due by and borne by the (ultimate) transferee of the shares or equity-like instruments. The IFTT under Article 1(492) of the Stability Law for 2013 is due by each party involved in the relevant transaction. The IFTT must be paid and accounted for to the Italian tax authorities by any intermediary intervening in any way in the execution of such transactions, *e.g.* banks, fiduciary companies or investment firms licensed to provide investment services on a professional basis to the public in accordance with Article 18 of Italian Legislative Decree No. 58 of 24 February 1998, including non-Italian resident intermediaries. However, the Stability Law for 2013 provides that such an intermediary is permitted to refrain from executing the relevant transaction until they have received the amount of IFTT due on the transaction from the relevant person referred to above. Non-Italian resident intermediaries may appoint an Italian withholding agent as a tax representative in order to take care of the compliance regarding the IFTT. In the event that several financial intermediaries are involved, the obligation to make the payment of the IFTT to the Italian tax authorities falls on the party that directly receives the transaction order from the parties. If no intermediary is involved in a transaction, the relevant parties referred to above must pay the IFTT due directly to the Italian tax authorities.

A 0.02 per cent. IFTT has also been introduced on high frequency trading carried out on the Italian financial market.

Some exemptions may apply.

IFTT should not apply to Notes which qualify as atypical securities. However, an official position of the Italian Tax Authority in this regard is not available.

#### **(J) Irish Taxation of the Notes issued by Mediobanca and Mediobanca International**

The following is a summary of the Irish withholding tax treatment of the Notes. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes.

The summary is based upon the laws of Ireland and the published practices of the Revenue Commissioners of Ireland as in effect on the date of this Base Prospectus. Prospective investors in the Notes should consult their own advisers as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Notes including, in particular, the effect of any state or local law taxes, if applicable.

## **2. Irish Withholding Tax**

Irish withholding tax applies to certain payments including payments of:

- Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);
- Irish source annual payments (annual payments are payments that are capable of being made for a period in excess of one year and are pure income-profit in the hands of the recipient); and
- Distributions (including interest that is treated as a distribution under Irish law) made by companies that are resident in Ireland for the purposes of Irish tax.

Such withholding tax arises at the standard rate of income tax (currently 20 per cent.) to payments of Irish source yearly interest and Irish source annual payments, and at a prescribed rate of 25 per cent. to distributions.

On the basis that the relevant Issuer is not resident in Ireland for the purposes of Irish tax, nor does the relevant Issuer operate in Ireland through a branch or agency with which the issue of the Notes is connected, nor are the Notes held in Ireland through a depository or otherwise located in Ireland, then to the extent that payments of interest or annual payments arise on the Notes, such payments should not be regarded as payments having an Irish source for the purposes of Irish taxation.

Accordingly, the relevant Issuer or any paying agent acting on behalf of the relevant Issuer should not be obliged to deduct any amount on account of Irish tax from payments made in connection with the Notes.

Separately, for as long as the Notes are quoted on a stock exchange, an investor should not be obliged to deduct any amount on account of Irish tax from a payment made by it in connection with the purchase of the Notes.

## **3. Irish Encashment Tax**

Payments on any Notes paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Notes will be subject to Irish encashment tax at a prescribed rate of 25 per cent., unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Notes entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland. In addition, an exemption will apply where the payment is made to a company where that company is beneficially entitled to that income and is or will be within the charge to corporation tax in respect of that income.

(K) **Proposed European Financial Transactions Tax (FTT)**

On 14 February 2013, the European Commission has published a proposal (the Commission's Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating EU Member States**"). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating EU Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating EU Member State. A financial institution may be, or be deemed to be, "established" in a Participating EU Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating EU Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating EU Member State.

Joint statements issued on 8 December 2015 by Participating EU Member States, except Estonia, indicate an intention to implement the FTT by the end of June 2016. On 16 March 2016, Estonia completed the formalities required to leave the enhanced co-operation on FTT. On 17 June 2016, the Council of the European Union announced that the work on FTT will continue during the second half of 2016. The Council of the European Union discussed the state of the dossier in June 2017 and reiterated that further work at the Council and its preparatory bodies is still required, before a final agreement on this dossier can be reached.

The FTT proposal remains subject to negotiation between the Participating EU Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## GENERAL INFORMATION

### (1) Listing and Admission to Trading

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Regulation. Application has also been made to Euronext Dublin for Notes issued under the Programme to be listed on the Official List of Euronext Dublin and admitted to trading on the regulated market of Euronext Dublin. Euronext Dublin's regulated market is a regulated market for the purposes of the MiFID II (Directive 2014/65/EU).

However, Notes may be issued pursuant to the Programme which will not be listed or admitted to trading on Euronext Dublin or any other stock exchange or which will be listed or admitted to trading on such stock exchange as the Issuers and the relevant Dealer(s) may agree.

The Central Bank of Ireland may, at the request of the relevant Issuer, send to the competent authority of another European Economic Area Member State: (i) a copy of this Base Prospectus; and (ii) a Certificate of Approval of a Prospectus.

- (2) Each Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in Ireland and the Republic of Italy in connection with the establishment and update of the Programme and the issue and performance of the Notes and the guarantee relating to them. The update of the Programme, including the giving of the Guarantee granted by Mediobanca, was authorised by a circular resolution of the Board of Directors of Mediobanca International passed on 3 December 2020 – as supplemented, resolutions adopted by the Executive Committee of Mediobanca passed on 29 July 2020 and the decision (*determina*) assumed by the Managing Director (*Direttore Generale*) of Mediobanca on 4 December 2020.
- (3) The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
- (4) Save as disclosed in this Base Prospectus at page 545, Mediobanca International (where Mediobanca International is the Issuer) is not and none of Mediobanca and its consolidated subsidiaries (where Mediobanca is the Issuer or the Guarantor) is or has been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document relating to claims or amounts which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability and, so far as Mediobanca or, as the case may be, Mediobanca International is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.
- (5) Neither Mediobanca nor Mediobanca International nor any of Mediobanca's subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may reasonably be expected to be material to such Issuer's ability to meet its obligations to Noteholder.
- (6) Except for the developments described in the section headed “*Systemic risks in connection with the economic/financial crisis*”, in particular for the possible impact of



the Covid-19 crisis, since 30 June 2020 (being the last day of the financial period in respect of which the most recent audited annual financial statements of Mediobanca have been prepared) there has been no material adverse change in the prospects of Mediobanca or its subsidiaries.

- (7) Except for the developments described in the section headed “*Systemic risks in connection with the economic/financial crisis*”, in particular for the possible impact of the Covid-19 crisis, since 30 June 2020 (being the last day of the financial period in respect of which the most recent audited annual financial statements of Mediobanca have been prepared) there has been no material adverse change in the prospects of Mediobanca International.
- (8) There have been no significant changes to the financial or trading position or to the financial performance of Mediobanca or the other companies forming part of the Group since the most recent un-audited financial information available was disclosed in the unaudited consolidated half-yearly financial statements as at 31 December 2020;
- (9) There have been no significant changes to the financial or trading position or to the financial performance of Mediobanca International since the most recent audited financial information available was disclosed in the consolidated half-year financial statements as at 30 June 2020.
- (10) Notes will be accepted for clearance through the Euroclear and Clearstream Luxembourg systems. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Final Terms.
- (11) For so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available in electronic form (unless the investor requests physical copies), and in the case of paragraphs (iii), (iv) and (v) below, may be obtained free of charge during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent and the Paying Agent:
  - (i) the Deed of Guarantee. A copy of the Deed of Guarantee will be electronically available for viewing on the Issuers' websites: [www.mediobanca.it](http://www.mediobanca.it) (in respect of Mediobanca – Banca di Credito Finanziario S.p.A.) and [www.mediobancaint.lu](http://www.mediobancaint.lu) (in respect of Mediobanca International (Luxembourg) S.A.);
  - (ii) the By-laws (*Statuto*) of Mediobanca and articles of incorporation of Mediobanca International. A copy of the By-laws (*Statuto*) of Mediobanca and articles of incorporation of Mediobanca International will be electronically available for viewing on the Issuers' websites: [www.mediobanca.it](http://www.mediobanca.it) (in respect of Mediobanca – Banca di Credito Finanziario S.p.A.) and [www.mediobancaint.lu](http://www.mediobancaint.lu) (in respect of Mediobanca International (Luxembourg) S.A.);
  - (iii) the published annual financial statements of Mediobanca International as at and for the years ended 30 June 2020 and 2019;

- (iv) the consolidated annual financial statements of Mediobanca as at and for the years ended 30 June 2020 and 2019;
- (v) the un-audited consolidated half-yearly financial statements of Mediobanca as at and for the period ended 31 December 2020;
- (vi) Final Terms for Notes which are listed on the Official List of the Euronext Dublin or any other stock exchange;
- (vii) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus.

A copy of this Base Prospectus will also be electronically available for viewing on Euronext Dublin's website ([www.ise.ie](http://www.ise.ie)).

In compliance with Article 21(3) of the Prospectus Regulation, a copy of this Base Prospectus along with the documents incorporated by reference in this Base Prospectus and any applicable supplement and final terms will be electronically available for viewing on Euronext Dublin website ([www.ise.ie](http://www.ise.ie)).

- (12) Physical copies of the latest annual consolidated financial statements of Mediobanca and annual financial statements of Mediobanca International, may be obtained upon request at the specified office of the Paying Agent during normal business hours, so long as any of the Notes are outstanding.
- (13) The Issuers do not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities, except if required by any applicable laws and regulations.
- (14) The Notes have been accepted for clearance through Euroclear and Clearstream Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.
- (15) The Legal Entity Identifier (LEI) of Mediobanca is: PSNL19R2RXX5U3QWHI44.
- (16) The Legal Entity Identifier (LEI) of Mediobanca International is: 549300DV870NBWY5W279.
- (17) The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L1855 Luxembourg. The address of Monte Titoli S.p.A. is Piazza degli Affari 6, 20123 Milan, Italy.
- (18) The websites of the Issuers are, respectively: [www.mediobanca.it](http://www.mediobanca.it) (in respect of Mediobanca – Banca di Credito Finanziario S.p.A.) and [www.mediobancaint.lu](http://www.mediobancaint.lu) (in respect of Mediobanca International (Luxembourg) S.A.). For the avoidance of doubts, unless specifically incorporated by reference in this Base Prospectus, information contained on any website indicated herein does not form part of this Base Prospectus.

- (19) Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions with, and may perform services for, Mediobanca and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of Mediobanca and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Mediobanca or Mediobanca's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with Mediobanca routinely hedge their credit exposure to Mediobanca consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" includes also parent companies.
- (20) With respect to Article 5(1) of the Prospectus Regulation the Issuers consent, to the extent and under the conditions, if any, indicated in the Final Terms, to the use of the Base Prospectus in Italy and/or in Ireland and/or in the Grand Duchy of Luxembourg and/or France and/or Sweden and/or Finland as long as the Base Prospectus is valid in accordance with Article 12 of the Prospectus Regulation and accept responsibility for the content of the Base Prospectus also with respect to subsequent resale or final placement of the Notes in Italy and/or in Ireland and/or in the Grand Duchy of Luxembourg and/or France and/or Sweden and/or Finland by any Dealer and/or financial intermediary which was given consent to use the prospectus.

Such consent may be given to all (general consent) or only one or more (individual consent) specified Dealers and/or financial intermediaries and/or for a limited or indefinite period, as stated in the Final Terms, and for Italy and/or France and/or Sweden and/or Finland and/or Luxembourg as member states in which the Base Prospectus has been passported and which will be indicated in the relevant Final Terms.

Such consent by the Issuers is subject to each Dealer and/or financial intermediary complying with the terms and conditions described in this Base Prospectus and the relevant Final Terms as well as any applicable selling restrictions. The distribution of this Base Prospectus, any supplement to this Base Prospectus, if any, and the relevant Final Terms as well as the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law.

Each Dealer and/or each financial intermediary, if any, and/or each person into whose possession this Base Prospectus, any supplement to this Base Prospectus, if any, and

the relevant Final Terms come are required to inform themselves about and observe any such restrictions. The Issuers reserve the right to withdraw its consent to the use of this Base Prospectus in relation to certain Dealers and/or each financial intermediary.

**In case of an offer being made by a Dealer or a financial intermediary, such Dealer or financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.**

**If the Final Terms state that the consent to use the Base Prospectus is given to all Dealers or financial intermediaries (general consent), any Dealer or financial intermediary using the Base Prospectus is required to state on its website that it uses the Base Prospectus in accordance with the consent and the conditions attached thereto.**

**If the Final Terms state that the consent to use the prospectus is given to one or more specified Dealers or financial intermediaries (individual consent), any new information with respect to Dealers or financial intermediaries unknown at the time of the approval of the Base Prospectus or the filing of the Final Terms will be published on the website [www.mediobanca.com](http://www.mediobanca.com).**

## REGISTERED OFFICE

**MEDIOBANCA - Banca di Credito Finanziario S.p.A.**      **Mediobanca International (Luxembourg) S.A.**  
Piazzetta E. Cuccia, 1      4, Boulevard Joseph II  
20121 Milan      L-1840 Luxembourg  
Italy      Grand Duchy of Luxembourg

## ARRANGER

**MEDIOBANCA - Banca di Credito Finanziario S.p.A.**  
Piazzetta E. Cuccia, 1  
20121 Milan  
Italy

## DEALERS

**MEDIOBANCA - Banca di Credito Finanziario S.p.A.**  
Piazzetta E. Cuccia, 1  
20121 Milan  
Italy

## LEGAL ADVISERS TO THE ISSUERS AND THE GUARANTOR

*As to Italian law*  
**Studio Legale Associato in associazione con**  
**Clifford Chance**  
Via Broletto, 16  
20121 Milan  
Italy

## TAX ADVISER TO MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

**GSK Luxembourg SA**  
44, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## AUDITORS TO MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

**PricewaterhouseCoopers, Société coopérative**  
2, rue Gerhard Mercator, B.P. 1443,  
L-1014 Luxembourg  
Grand Duchy of Luxembourg

## AUDITORS TO MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A.

**PricewaterhouseCoopers S.p.A.**  
Via Monte Rosa, 91  
20149 Milan  
Italy

## FISCAL AGENT AND PAYING AGENT

**BNP Paribas Securities Services, Luxembourg Branch**  
60 avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## LISTING AGENT

**McCann FitzGerald Listing Services Limited**  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland